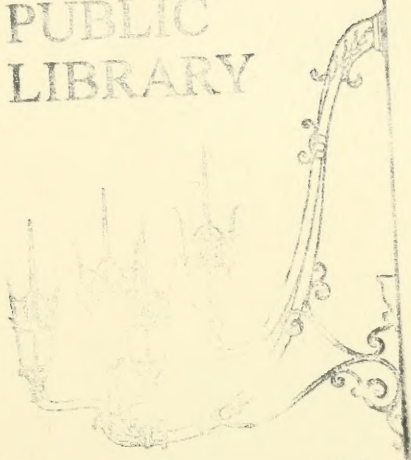


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Senate Report

No. 216



IRAN-CONTRA INVESTIGATION

APPENDIX B, VOLUME 9

DEPOSITIONS

United States Congressional Serial Set

Serial Number 13750

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 9
Depositions

Daniel K. Inouye, *Chairman*,
Senate Select Committee

Lee H. Hamilton, *Chairman*,
House Select Committee

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.

November 17, 1987.—Ordered to be printed.

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United States Senate

SELECT COMMITTEE ON SECRET MILITARY
 ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
 WASHINGTON, DC 20510-6480


March 1, 1988

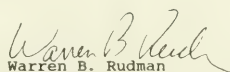
Honorable John C. Stennis
 President pro tempore
 United States Senate
 Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,


 Daniel K. Inouye
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 Warren B. Rudman
 Vice Chairman

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COVERT ARMS TRANSACTIONS WITH IRAN

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March 1, 1988

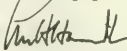
The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,



Lee H. Hamilton
Chairman

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Contents

Volume 9

Preface	XXI
Duemling, Robert W	1
DIA Major	103
Dietel, J. Edwin.....	247
Dowling, Father Thomas	321
Dutton, Robert C	463
Earl, Robert	547

Depositions

Volume 1

Airline Proprietary Project Officer.
Alvarez, Francisco J.
Allen, Charles.
Arcos, Cresencio.

Volume 2

Armitage, Richard.
Artiano, Martin L.
Associate DDO (CIA).
Baker, James A., III.
Barbules, Lt. Gen. Peter.
Barnett, Ana.
Bartlett, Linda June.
Bastian, James H.
Brady, Nicholas F.
Brown, Arthur E., Jr.

Volume 3

Byrne, Phyllis M.
Calero, Adolfo.
Castillo, Tomas ("W").
Cave, George W.
C/CATF.

Volume 4

Channell, Carl R.
Chapman, John R. (With Billy Ray Reyer).
Chatham, Benjamin P.
CIA Air Branch Chief.
CIA Air Branch Deputy Chief.
CIA Air Branch Subordinate.
CIA Chief.
CIA Communicator.
CIA Identity "A".

Volume 5

CIA Officer.
Clagett, C. Thomas, Jr.
Clark, Alfred (With Gregory Zink).
Clarke, George.
Clarridge, Dewey R.
Cline, Ray S.
C/NE.
Cohen, Harold G.

Volume 6

Collier, George E.
Cole, Gary.
Communications Officer Headquarters, CIA.
Conrad, Daniel L.

Volume 7

Cooper, Charles J.
Coors, Joseph.
Corbin, Joan.
Corr, Edwin G.
Coward, John C.
Coy, Craig P.
Crawford, Iain T.R.

Volume 8

Crawford, Susan.
Crowe, Adm. William J.
Currier, Kevin W.
DCM, Country 15.
DEA Agent 1.
DEA Agent 2.
DEA Agent 3.
deGraffenreid, Kenneth.
de la Torre, Hugo.
Deputy Chief "DC".

Volume 9

Duemling, Robert W.
DIA Major.
Dietel, J. Edwin.
Dowling, Father Thomas.
Dutton, Robert C.
Earl, Robert.

Volume 10

Farber, Jacob.
Feldman, Jeffrey.
Fischer, David C.
Floor, Emanuel A.
Former CIA Officer.
Fraser, Donald.
Fraser, Edie.
Fuller, Craig L.

Volume 11

Furmark, Roy.
Gadd, Richard.
Gaffney, Henry.
Gaffney, Henry (With Glenn A. Rudd).
Galvin, Gen. John R.
Gantt, Florence.
Garwood, Ellen Clayton.
Gast, Lt. Gen. Philip C.
Gates, Robert M.
Glanz, Anne.

Volume 12

George, Clair.
Godard, Ronald D.
Godson, Roy S.
Golden, William.
Gomez, Francis D.
Goodman, Adam.
Gorman, Paul F.
Graham, Daniel O.
Gregg, Donald P.
Gregorie, Richard D.
Guillen, Adriana.

Volume 13

Hakim, Albert.

Volume 14

Hall, Wilma.
Hasenfus, Eugene.
Hirtle, Jonathan J.
Hooper, Bruce.

Hunt, Nelson Bunker.
Ikle, Fred C.
Jensen, D. Lowell.
Juchniewicz, Edward S.
Kagan, Robert W.
Keel, Alton G.
Kellner, Leon B.
Kelly, John H.
Kiszynski, George.

Volume 15

Koch, Noel C.
Kuykendall, Dan H.
Langton, William G.
Lawn, John C.
Leachman, Chris J., Jr.
Ledeen, Michael A.

Volume 16

Leiwant, David O.
Lilac, Robert H.
Lincoln, Col. James B.
Littledale, Krishna S.
McDonald, John William.
McFarlane, Robert C.
McKay, Lt. Col. John C.
McLaughlin, Jane E.

Volume 17

McMahon, John N.
McMahon, Stephen.
McNeil, Frank.
Makowka, Bernard.
Marostica, Don.
Marsh, John.
Mason, Robert H.

Volume 18

Meese, Edwin III.
Melton, Richard H.
Merchant, Brian T.
Meo, Philip H.
Miller, Arthur J.
Miller, Henry S.
Miller, Johnathan.

Volume 19

Miller, Richard R.

Volume 20

Motley, Langhorne A.
Mulligan, David P.
Nagy, Alex G.
Napier, Shirley A.
Newington, Barbara.
North, Oliver L.
O'Boyle, William B.
Osborne, Duncan.
Owen, Robert W.
Pena, Richard.
Pickering, Thomas.
Poindexter, John M.

Volume 21

Posey, Thomas V.
Powell, Gen. Colin L.
Price, Charles H., II.
Proprietary Manager.
Proprietary Pilot.
Radzimski, James R.
Ramsey, John W.
Ransom, David M.

Volume 22

Raymond, Walter, Jr.
Regan, Donald T.
Reich, Otto J.
Revell, Oliver B.
Reyer, Billy Ray (See John Chapman).
Reynolds, William B.

Volume 23

Richard, Mark M.
Richardson, John, Jr.
Robelo, Alfonso.
Robinette, Glenn A.
Rodriguez, Felix I.
Roseman, David.

Rosenblatt, William.
Royer, Larry.
Rudd, Glenn A.
Rudd, Glenn A. (See Henry Gaffney).

Volume 24

Rugg, John J.
Russo, Vincent M.
Sanchez, Nestor.
Scharf, Lawrence.
Schweitzer, Robert L.
Sciaroni, Bretton G.
Secord, Richard V.

Volume 25

Shackley, Theodore G.
Sigur, Gaston J.
Simpson, Major C.
Sinclair, Thomas C.
Singlaub, John K.

Volume 26

Slease, Clyde H., III.
Smith, Clifton.
Sofaer, Abraham D.
Steele, Col. James J.
Taft, William H., IV.
Tashiro, Jack T.
Teicher, Howard.
Thompson, Paul.
Tillman, Jacqueline.

Volume 27

Thurman, Gen. Maxwell.
Trott, Stephen S.
Tull, James L.
Vessey, John.
Walker, William G.
Watson, Samuel J., III.
Weinberger, Caspar.
Weld, William.
Wickham, John.
Zink, Gregory (See Alfred Clark).

Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or “use” immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees’ staff in the course of the Select Committees’ investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original

exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the Senate and House Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair,
1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.

Appendix B: *Depositions*, 27 volumes, 1988.

Appendix C: *Chronology of Events*, 1 volume, 1988.

Appendix D: *Testimonial Chronology*, 3 volumes, 1988.

All publications of the Select Committees are available from the U.S.
Government Printing Office.

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Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF ROBERT W. DEUMLING

Thursday, August 20, 1987

UNCLASSIFIEDPartially Declassified/Released on 12-22-87
under provisions of E.O. 12356
by N. Menan, National Security Council

Washington, D.C.

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(1)

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1

DEPOSITION OF ROBERT W. DUEMLING

Thursday, August 20, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Deposition of ROBERT W. DUEMLING, called as a witness by counsel for the Select Committee, in the offices of the Senate Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 12:10 p.m., the witness having been duly sworn by SUSAN A. HARRIS, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by SUSAN A. HARRIS and transcribed under her direction.

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2

1 **APPEARANCES:**

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 TERRY SMILJANICH, ESQ.

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3

C O N T E N T S

EXAMINATION ON BEHALF OF

WITNESS

SENATE

HOUSE

Robert W. Duemling

By Mr. Smiljanich

4

E X H I B I T S

DUEMLING EXHIBIT NUMBER

FOR IDENTIFICATION

1	1	12
2	1A	17
3	2	29
4	3	33
5	4	44
6	5	59
7	6	62
8	7	65
9	8	66
10	9	72
11	10	73
12	11	77
13	12	79
14	13	82

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P R O C E E D I N G S

Whereupon,

ROBERT W. DUEMLING,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q For the record, state your name.

A Robert W. Duemling.

Q You have the rank or title of ambassador, is that correct, retired?

A That's correct.

Q Ambassador, would you give us a very brief summary of your background? I understand you recently retired from the foreign service?

A That's correct. I retired on July the 3rd of this year, after approximately 30-plus years of federal service as a foreign service officer.

Q Would you give us a brief rundown of the general types of assignments you had, leading up to the point at which you became director of the Nicaraguan Humanitarian Assistance Office?

A Yes. At the beginning of my career, I had assignments in political, economic, and consular work. I

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5

1 then specialized in political work, and later in my
2 career I was the deputy chief of mission at the American
3 embassy in Ottawa.

4 I was also the U.S. Ambassador to Suriname,
5 and I had a couple of management assignments as well.

6 Q Generally, career foreign service officers
7 tend to specialize in certain regions of the world. Did
8 you have such a general specialty?

9 A Yes.

10 Q What was that?

11 A In my mid-career I specialized in political
12 affairs in East Asia.

13 Q Now, the country of Suriname -- you were
14 Ambassador to Suriname for what years?

15 A I was Ambassador from August 1982 until August
16 of 1984.

17 Q Now, Suriname is in South America, correct?

18 A Correct.

19 Q Did you have any Central American experience
20 in your background?

21 A Not directly, although while I was Ambassador
22 in Suriname, which is in the northern coast of South
23 America, within the State Department it is grouped
24 together with Caribbean countries and also for management
25 purposes occasionally it is grouped together with the

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1 northern tier of Central America and South America.

2 So that I had visited, for example, for a
3 conference in Panama, and I had some limited, very
4 limited experience in Central America.

5 Q If one defines Central America as generally
6 the countries of Guatemala, Honduras, San Salvador, and
7 Costa Rica, did you have any experience in those specific
8 countries?

9 A No.

10 Q What about your language proficiency? Did you
11 speak and write Spanish?

12 A I can read Spanish because I speak and write
13 Italian, which is somewhat similar. I also speak and
14 write French, so another Romance language such as Spanish
15 is not particularly difficult.

16 But I do not speak Spanish. I can read it
17 with limited facility.

18 Q But generally, your main proficiency in
19 language is in Italian and French?

20 A Italian, French, Dutch, because Suriname is
21 Dutch-speaking. And I also could speak some Japanese,
22 but I have largely forgotten it.

23 Q Up to the time you became director of, I'll
24 refer to it as either NHAO or "Know-How" -- ten people
25 pronounce it ten different ways, I think. Up to the time

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1 you became director of NHAO, had you ever administered an
2 aid or refugee program for the State Department?

3 A No, I had not.

4 Q Your selection as director of NHAO came at
5 approximately the end of August, beginning of September
6 1985?

7 A Correct.

8 Q What had been your specific experience that
9 you were told was being called upon to make you director
10 of NHAO?

11 A I was never told directly what my experience
12 was that attracted people to the assignment. However, I
13 think I can surmise that there were two or three things
14 in my background that were relevant.

15 In 1981 to '82, I participated in the creation
16 of the peacekeeping force for the Sinai, MFO,
17 Multinational Force and Observers, and that was a startup
18 operation from scratch in an unusual political setting.

19 Also, I had performed a management study for
20 Ronald Spiers, the Under Secretary for Management, and I
21 was considered, I think, to have been a quite successful
22 manager in my tenure as Ambassador to Suriname, as well
23 as in my tenure as the minister and DCM in Ottawa.

24 So it was the management experience and
25 abilities that I had demonstrated in the past that I

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1 think were the salient factors in my appointment.

2 Q Thank you. That has been confirmed by other
3 people we've talked to, who have indicated those items
4 and the fact that you were known for a person who took
5 very much care with detail, financial matters, et cetera.

6 When you became director of NHAO, first of
7 all, did you have any staff to start off with?

8 A No. As I think you know, NHAO was created on
9 paper, by discussion, and did not exist when I was first
10 appointed. I think at approximately the same time, and
11 perhaps even sooner, the people making the assignment --
12 and that would mean, I presume, Michael Armacost, Elliot
13 Abrams, perhaps George Shultz -- they had selected Chris
14 Arkos to be the deputy in the organization.

15 And then when I was appointed, I was told that
16 he had been pretty well selected if I approved, and we
17 had a brief meeting and he seemed to be exactly the kind
18 of person who brought to the office skills that I did not
19 have, and therefore he seemed like a good deputy to me.

20 And the two of us then set about trying to
21 staff the rest of the organization, although I did most
22 of the selection of staff.

23 Q Now, Chris Arkos was proficient in and fluent
24 in Spanish, is that correct?

25 A Chris Arkos is an Hispanic American. He is

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1 bilingual and bicultural in Spanish.

2 Q He also had extensive experience in Central
3 America?

4 A He did have very extensive experience in
5 Central America, in Honduras and perhaps other countries.
6 He also was intimately familiar with the Nicaraguan
7 resistance movement and knew the leaders of the
8 Nicaraguan resistance.

9 Q Other people have stated that Mr. Arkos had a
10 very wide-ranging network of acquaintances and contacts.
11 Did you find that to be true in Central America?

12 A That was abundantly clear to me, that he had a
13 wide network of friends and acquaintances among Central
14 Americans, political people, military people,
15 journalists, as well as a very wide circle of
16 acquaintances in Washington, particularly people who
17 themselves are interested in Central American affairs.

18 Q I'd like to talk for a minute about some of
19 the problems that you I'm sure perceived immediately in
20 connection with the setup and operation of a program such
21 as NHAO. First of all, this was a program which was very
22 overt in the United States. It was a part of public
23 legislation; a specific sum of money, \$27 million, had
24 been appropriated to be spent.

25 Its creation was not a secret in any way, and

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1 yet it was in some ways a covert operation in Central
2 America. Is that a fair statement?

3 A Correct.

4 Q What kind of problems did that cause you in
5 general?

6 A In general, it caused us two or three kinds of
7 problems. First of all, we had to respect and understand
8 the sensitivity of the governments in Central America who
9 were going to give some assistance to this program,
10 without whose assistance the program could not exist, at
11 least their passive cooperation as a minimum.

12 In particular, that was [REDACTED]
13 [REDACTED]
14 anxious not to be seen publicly as aiding and abetting
15 this effort. So it insisted on a degree of
16 confidentiality.

17 Moreover, many of the suppliers in Central
18 America on whom we had to depend for the purchase of food
19 and other daily items, they preferred a degree of
20 anonymity because they feared possible political
21 reprisals for their assistance and cooperation in the
22 program.

23 And indeed, these sensitivities were fairly
24 well founded. If you wish, I could add some anecdotes to
25 illustrate the point, but I don't think I need to go into

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1 it.

2 So those were the particular factors.
3 Moreover, the resistance itself needed to preserve a
4 degree of secretiveness, in part so that their plans
5 would not be broadcast to their adversaries. So there
6 were several factors that required some degree of
7 secrecy.

8 On the other hand, our operations here within
9 the United States, with our suppliers and so forth, for
10 the most part were perfectly open and above board.

11 Q Okay. Now, a lot of the activities of NHAO
12 had to concentrate [REDACTED]
13 [REDACTED] is that
14 correct?

15 A Correct.

16 Q In addition, however, there were also
17 sensitivities in connection with other countries in the
18 region, [REDACTED] isn't that correct?

19 A Correct.

20 Q And to some extent the government [REDACTED]
21 [REDACTED]

22 A Correct.

23 Q Now, let me -- in going through the records
24 which you kindly gave us complete access to several
25 months ago, I just picked out one particular document

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1 because it seemed to be a pretty fair summary of the
2 types of problems that you were encountering in
3 connection with this dichotomy between overt and covert.

4 Let me hand you what I have marked as Duemling
5 Exhibit No. 1, which is a document you prepared, I
6 believe, in December of '85.

7 (The document referred to was
8 marked Duemling Exhibit No. 1
9 for identification.)

10 Q I don't think we need to go through this in
11 detail, but generally take a moment to look at it. Does
12 this seem to be a summary of the types of particular
13 problems that you had to deal with early on in connection
14 with your directorship?

15 A Correct.

16 Q Now, Mr. Arkos had taken a trip to the region
17 in September-October, in that time frame, and had
18 reported back on some of the discussions he had, both
19 with the embassy in [REDACTED]
20 [REDACTED] about what could and couldn't be done to see
21 the program through, is that correct?

22 A Correct.

23 Q Is it also correct that, in a nutshell, both
24 the embassy there and the government of Honduras stated
25 that NHAO employees as such could not be stationed inside

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1 [REDACTED] either at the embassy or elsewhere, in order to
2 act as a monitoring agent for receipt of goods into the
3 country? Is that correct?

4 A That's correct.

5 Q As a result of that inability to station a
6 person within your employ in the region in order to
7 monitor receipt of goods, what did you have to do or how
8 did you go about keeping as much control as possible over
9 so many things coming out, leaving this country or being
10 purchased, and so many things being received in the
11 country?

12 A Well, let's start with the matter of purchases
13 within the United States. Perhaps I should just state
14 briefly that there were certain types of supplies that
15 could only be procured within the United States, such
16 things as first class jungle boots, ponchos, poncho
17 liners, and so forth.

18 We procured those kinds of supplies in the
19 United States, aggregated them, usually in New Orleans at
20 a warehouse arrangement that had been created somewhat
21 earlier by the resistance itself.

22 We utilized that warehousing arrangement and
23 their existing arrangements, contractual arrangements.
24 We would aggregate the supplies there and in effect those
25 supplies became the property of the resistance, really,

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1 at the time that they were dispatched from the United
2 States, because NHAO for the reasons that you describe
3 could not really directly control those supplies once
4 they had left the United States.

5 So they were aggregated there. We did -- I
6 had my own personnel periodically visiting that facility,
7 and we always had someone present for the loading and
8 takeoff of the aircraft.

9 Q Let me stop you for one second. Was the
10 individual basically in charge of that operation in
11 Louisiana Mario Calero?

12 A Correct.

13 Q Go ahead.

14 A And we would then satisfy ourselves that the
15 materials arriving there were being then dispatched to
16 Central America by cargo aircraft. When they departed in
17 the custody, if you will, of the resistance from the
18 United States, we, NHAO, no longer had any direct control
19 over those supplies.

20 In Central America, we procured primarily
21 foodstuffs, some pharmaceuticals, some kinds of clothing,
22 pants, shirts, socks, underwear, that sort of thing, also
23 sort of daily necessities such as fuel oil or candles or
24 matches and so forth.

25 Those, that procurement, and to some extent

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1 the supplies that also came from the United States, could
2 only be monitored in Central America by other
3 organizations or institutions.

4 It was abundantly clear to us at the outset
5 that we would be hindered in the way that you have
6 described in terms of not being able to have our own
7 personnel there. So as a fallback arrangement, I talked
8 with [REDACTED] who was the CIA representative on the
9 Inter-Agency Committee, the committee that provided
10 policy guidance for NHAO, and I talked with [REDACTED].

11 We discussed this whole problem within the
12 RIG, the Restricted Inter-Agency Group. And [REDACTED] agreed
13 that CIA headquarters would instruct its people in
14 Central America to monitor insofar as they could the
15 arrival and the transportation, the internal
16 transportation, of these supplies.

17 This arrangement took a while to get into
18 operation. But in due course, and I would say certainly
19 by about January of 1986, we were getting a fairly steady
20 stream of what we referred to as verification reports.
21 And these were basically messages from the field, coming
22 from the CIA people, who would simply report that a
23 particular truck convoy had arrived at a base and it
24 carried such and such materials, and so forth; or that an
25 aircraft had arrived and had offloaded such and such

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1 materials, and so forth.

2 And this was about the best arrangement that
3 we had to try to check on the deliveries of these
4 supplies arriving in Central America.

5 That system, of course, was not 100 percent
6 accurate. We did not get a bean for bean correlation
7 between what we knew we were paying for and what we knew
8 we were receiving or what was being received. But we
9 felt that not only was it the best arrangement we could
10 devise, but that there was sufficient correlation that we
11 were satisfied that the system was working and that the
12 supplies were indeed being delivered to the intended
13 recipients.

14 Q Okay, let me make sure I understand this. The
15 original legislation appropriated \$27 million and
16 provided that neither the Department of Defense nor the
17 CIA could be the administrator of the program?

18 A Correct.

19 Q But you found that, based upon the inhibitions
20 you had with regard to your State Department employees
21 present in the country, that essentially the only
22 reasonable solution seemed to be to call upon the Agency
23 to assist in connection with verifying actual receipt of
24 the goods in the region?

25 A Correct. And we saw those as intelligence

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1 reports. And as you may know, my understanding at least
2 is that as of about November of 1985 some of the
3 constraints on the Agency were eased, I think in the
4 Intelligence Appropriations Act, at about that time.

5 And the Agency, as I understood it, was
6 permitted to provide intelligence to the resistance
7 movement and communications assistance, as I recall. And
8 as part of all of that, apparently it was also deemed
9 permissible that the Agency provide us with intelligence
10 on what they were learning.

11 So in effect, these were intelligence reports
12 from the field coming back to us.

13 Q I'm going to mark this exhibit as 1A, a CIA
14 cable dated January 4, 1986, which basically, if I could
15 summarize it -- take a moment to look at it, but if I
16 could summarize it, basically is a direction to
17 appropriate stations in the region to cooperate with
18 NHAO, just as you have described.

19 (The document referred to was
20 marked Duemling Exhibit No. 1A
21 for identification.)

22 (Pause.)

23 A Yes.

24 Q Now, there's something else that is referenced
25 in there that I want to ask about. First of all, were

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1 you basically advised at the very beginning of the
2 startup of this program that, in order to facilitate
3 coordination among the various contra factions, that most
4 of your dealings should be with UNO, United Nicaraguan
5 Opposition?

6 A Yes. I was told from the policy level that
7 the decision was that UNO would be initially the only
8 recipient of NHAO assistance, and that others might be
9 added in the future, but that UNO was it.

10 Q There is a reference in this cable by code to
11 an individual whose actual name is Eden Pastora, who was
12 a contra leader basically working out of -- was working
13 [REDACTED] in what was called the southern front.

14 A Yes.

15 Q What were you told originally about dealing
16 with Mr. Pastora and his group of people in the south?

17 A We were told initially that we would be
18 supporting UNO. Mr. Pastora was not part of UNO and we
19 were told he was not part of UNO.

20 I don't recall any particular discussion about
21 Pastora until -- and I can't give you a precise date, but
22 probably until some time around February of 1986, when it
23 was clear to me, although I was not involved, but it was
24 clear that the Administration was attempting to broaden
25 the participants in the resistance movement, that is to

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1 say the resistance movement that was being supported by
2 the United States.

3 And there was apparently considerable thought
4 being given to whether or not Mr. Pastora could be
5 brought into the fold, so to speak.

6 Somewhat later, I would think maybe as late as
7 April or May of '86, I was directed, we were directed, to
8 meet with representatives of Mr. Pastora to determine
9 whether or not, under the guidelines that NHAO was
10 operating under, whether we could be of any assistance to
11 him.

12 And I was not directly involved. That was
13 conducted primarily by Chris Arkos and some of my other
14 staff people, who met, with the representative of
15 Pastora. And this gentleman produced a whole series of
16 bills and vouchers and various things for us to examine.

17 And we concluded, after looking carefully at
18 all of these receipts, that the vast majority of them
19 were not things that we could pay because they did not
20 fall within our guidelines or that the documentation was
21 inadequate and so forth. And we so informed the policy
22 level.

23 I believe we told Bill Walker about that. My
24 sense of what occurred was that meanwhile on the
25 political level efforts to bring Mr. Pastora into some

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1 relationship with UNO fell apart, so that the issue of
2 whether or not NHAO could support Pastora and his people
3 essentially became moot.

4 Q Starting back in September 1985 time frame and
5 going forward from there, did either [REDACTED] or anyone
6 else with the Agency ever actively either try to
7 discourage you from dealing with Mr. Pastora or denigrate
8 him in any way?

9 A Well, first of all, it was never an issue
10 because Pastora, as I say, was not part of UNO and our
11 guidelines was strictly that we would support UNO.

12 If I can make one brief diversion, there was
13 at least one other representative of the opposition who
14 was not part of UNO, that is to say one of the Cesar
15 brothers, who came to call on me to inquire as to whether
16 or not we could support them.

17 And I gave him no particular encouragement. I
18 simply heard him out and said I would report his approach
19 to the policy people, for whom it was their decision, not
20 my decision.

21 But to go back to Mr. Pastora, yes, [REDACTED]
22 disparaged Pastora to me on several occasions. We met
23 fairly frequently to discuss operational questions, and
24 Pastora and Pastora's people came up. The subject arose
25 from time to time.

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1 And [redacted] simply said to me that the Agency
2 had a very bad experience with Pastora, they thought he
3 was unreliable and not very dependable.
4 [redacted]
5 [redacted]

6 So that was the kind of thing that they said
7 about him, and that they gave me the impression that the
8 last thing they wanted to do was to have anything to do
9 with Eden Pastora.

10 Q Did you also ever hear allegations that, not
11 Mr. Pastora himself, but that some other people
12 associated with him had some connection with drug
13 smuggling?

14 A Yes, I believe I heard that from Elliot
15 Abrams.

16 Q Now, you mentioned in approximately April or
17 May time frame, when you had some discussions with the
18 representative of Mr. Pastora.

19 A Yes, I believe that was the time.

20 Q Well, let me fit in some other events which
21 would confirm that as the time period. In late March of
22 1986, General Singlaub was in Costa Rica and negotiated
23 some type of agreement between himself and his people and
24 Mr. Pastora, which caused a bit of a flurry at the State
25 Department when the Ambassador sent a cable back about

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1 it.

2 But moving forward from there, some time in
3 May of 1986 Assistant Secretary Abrams met with Mr.
4 Pastora and Mr. Pastora was asking for some minimal
5 supplies to be sent to his people in Costa Rica. And Mr.
6 Abrams in some marginal notes on some memoes indicated
7 that it certainly seemed such a small amount that, you
8 know, why not try something.

9 Was that a part of this sequence of events you
10 were describing about meeting with a representative of
11 Mr. Pastora.

12 A It was a different aspect, to my
13 understanding. I was told that several of the
14 commandantes who had been loyal to Pastora were losing
15 confidence in Pastora because he had proven to be
16 incapable of getting material support.

17 And as I understood it, the policy people saw
18 this as an opportunity to wean away those particular
19 commandantes and their men and bring them within the fold
20 of UNO. That is to say, they would presumably sever
21 their connections with Pastora and they would then become
22 related to the forces that were under the control of
23 Negro Chamorro.

24 And so I was told that there was this effort
25 under way and that NHAO was being asked to provide

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1 supplies to these forces. And what I was told was that
2 the requirements would be for approximately 2,000 of this
3 or that, like 2,000 shirts or 2,000 pairs of pants or
4 whatever; and that this was essentially, if I could use
5 the expression, this was bait to get them on board with
6 UNO.

7 Q Okay. Thank you.

8 Now, returning to the Agency for a minute,
9 would it be fair to say that at first -- and you may have
10 already said this and I apologize if I am being
11 repetitious -- that at first there were some initial
12 problems in connection with receiving back from the
13 Agency verification of receipt, and perhaps the reason
14 was that people back at headquarters are getting cables
15 from their stations talking about beans and rice and they
16 don't attach much significance to it, but that eventually
17 things became smoother and you started getting a pretty
18 good flow of information from the region about receipt of
19 materials?

20 Is that a fair statement?

21 A That's correct. And I would only add that on
22 one of my own trips to the area, when I had a chance to
23 talk to some of the Agency people in the field and re-
24 emphasize the great importance which NHAO placed on their
25 field reports, they claimed that they had been sending

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1 them in regularly for quite a long time, but that the
2 headquarters in Langley, the editors and so forth, in a
3 bureaucratic fashion had failed to recognize their
4 importance and their utility, and in fact had failed
5 therefore to pass them on to NHAO.

6 But eventually that glitch got worked out and,
7 yes, we thought we were getting pretty good reporting.

8 Q Okay. Now, some time this year -- well, first
9 of all let me ask you. During the time frame you were
10 director of NHAO, GAO had some people who spent a lot of
11 time over at the offices?

12 A Correct.

13 Q And basically audited your work during the two
14 years -- the year that NHAO was in existence?

15 A Correct.

16 Q GAO issued a report then later, which was
17 somewhat critical of the paper trail or verification of
18 actual receipt of goods?

19 A Correct.

20 Q I understand what your reaction is to it and
21 your statement. Would you go ahead and tell us for the
22 record why it is you feel that the GAO comments, if I
23 could put it, failed to understand some of the problems
24 that you had to face in connection with running such a
25 program, where you couldn't have the ledger books and

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1 things that you normally might be able to insist upon in
2 a typical overt program?

3 A Yes. Well, first of all, I was as anxious as
4 anyone to be able to demonstrate the bona fides of the
5 operation that I was running, and that we were adhering
6 to a high standard of accountability, and that was
7 important.

8 That's just good management. But for the
9 problems that we have already discussed, I was not able
10 to place my own people in the field to actually monitor
11 activities. Moreover, and we hadn't touched on this
12 before, but one of the proscriptions was that we could
13 also not have bank accounts in Central America.

14 I would have preferred that we have an NHAO
15 bank account. In fact, it was one of the things that
16 Chris Arkos on the first trip down there in late
17 September of '85, that was one of the things he was
18 supposed to do, was set up a bank account, through which
19 we could then pay suppliers directly.

20 We were told that even that would not be
21 tolerated by the local authorities. So we were obliged
22 to pay people through Miami. I say Miami. It could have
23 been any other city, but most Central American
24 enterprises, if they bank at all in United States, they
25 do so through Miami.

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1 And in fact, many of our major suppliers in
2 Central America already maintained their own bank
3 accounts in Miami.

4 Now, to go back to the GAO, we felt in NHAO
5 that we were taking all feasible steps to monitor and
6 observe and make sure that things were running smoothly
7 and legally and honestly and so forth. GAO in our view
8 applied a kind of schoolroom set of accounting standards
9 that would be perfectly appropriate if we were running
10 this thing in the United States, but which simply could
11 not apply by extension in Central America, for the
12 reasons that I've tried to explain.

13 So we felt that the rather unusual situation
14 which we faced called for some rather unusual methods,
15 and we created those various methods, checks, apparatus,
16 and so forth. But they of course did not accord with the
17 kind of standard bookkeeping procedures that GAO was
18 familiar with.

19 So we really parted company with GAO on that
20 issue. I would of course point out that GAO did not say,
21 we have discovered malfeasance or we have discovered
22 misappropriation of funds. They didn't say that. What
23 they said was, we can only trace all of this so far and
24 then after that there is not a sufficient record that
25 meets our standards of accounting.

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1 So it became a void from their point of view.

2 Q Is it correct that the GAO people who were
3 conducting this audit in connection with this report did
4 not have access to the CIA cable traffic that you were
5 referring to earlier?

6 A That is correct. We discussed it with them.
7 We told them it existed. But that was beyond our
8 control, and the reason is that within the federal
9 government, apparently by agreement between the Executive
10 Branch and the Congress, CIA reports are given only to
11 the Intelligence Committees of the Senate and House. And
12 all of those reports were made available to the
13 Intelligence Committees.

14 Then it becomes the decision of the members of
15 the Senate and the House as to whether they will or will
16 not share those documents with other aspects, elements of
17 the legislative branch.

18 But of course, GAO was part of the legislative
19 branch. It is the creation of and servant of the
20 Congress. So under the guidelines, we cannot provide
21 those things directly to the GAO. And so they therefore
22 did not have them from us.

23 They had to address themselves within their
24 own branch of government to the Congress, and apparently,
25 my understanding is, they never succeeded in getting

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28

1 access to those documents.

2 Now, this question will cover a lot of
3 territory, but is it fair to say that you are as
4 reasonably satisfied as you can be based upon the
5 restrictions you faced, that the \$27 million that was
6 spent by NHAO was in fact appropriately spent for
7 humanitarian aid which found its way into the hands of
8 the proper recipients in the region?

9 A Yes, I am completely satisfied that was the
10 case.

11 Q Now, let me talk for a minute about some of
12 the other types of problems you had to face. There was
13 talk during the passage of the legislation by some people
14 that, well, humanitarian aid for fighting forces is kind
15 of an oxymoron, and there would be some definitional
16 problems that would be encountered.

17 You in fact did have to face certain
18 definitional problems that had to be addressed, is that
19 correct?

20 A That is correct. But I was told at the outset
21 that "humanitarian aid" meant essentially non-lethal aid.

22 Q One of the problems that you all had to face
23 and make a policy decision about -- and let me hand you
24 Exhibit No. 2, which is a short memo to the file -- and
25 by the way, the date on the top says March 9, '86, but

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1 that is a mistake. I think it should be April 9, 1986.

2 (The document referred to was
3 marked Duemling Exhibit No. 2
4 for identification.)

5 A Notice down here also it says April 9, so that
6 is a mistake.

7 Q Take a moment and look at it. It concerns
8 what to do about requests for funds to be used for
9 helicopters.

10 (Pause.)

11 A All right.

12 Q I believe some of the other documents that
13 lead up to this particular decision demonstrate that a
14 question came up in connection with a certain helicopter
15 called the Lady Ellen?

16 A Yes.

17 Q Which certain contra forces wanted NHAO to
18 help pay for the transportation of the helicopter from
19 the United States into the region. And this generated, I
20 assume, the question of whether or not this was getting
21 too close to that grey area between humanitarian and
22 lethal aid, and a series of discussions were held
23 resulting in this policy decision.

24 A I think that's true. It may not have been
25 exclusively the Lady Ellen that triggered this. I can

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1 recall that indeed at the very outset of NHAO's coming
2 into existence and beginning to work with the resistance,
3 that they had made clear that one of the biggest problems
4 was the medical evacuation of wounded, and that they
5 would very much like to have helicopters.

6 And that was stated very early on. But at
7 that time, it was also considered that it would be too
8 problematical and too much in the grey area. Moreover,
9 of course, helicopters are extremely expensive.

10 So the subject -- what I'm trying to suggest
11 is the subject had been discussed before the Lady Ellen
12 came along.

13 Q Now, when this and other problems like this
14 came up, there were occasions when you actually consulted
15 directly with the leadership, with the Intelligence
16 Committees, is that correct?

17 A Correct.

18 Q You met with, I believe, Congressman Hamilton
19 on one or more occasions?

20 A I did.

21 Q You met with the staff director of the Senate
22 Intelligence Committee, Bernie McMann?

23 A Correct.

24 Q Did you also during the startup period of this
25 program go around and talk to various members of Congress

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31

1 about some of the problems that might come up or just
2 generally what they anticipated?

3 A I did not do very much of that. There was a
4 little bit of that, but basically those kinds of contacts
5 were being kept by Abrams and by Jim Michael and Walker
6 and so forth. And I got the impression that they didn't
7 particularly want me to be involved in very many
8 contacts, with one general exception, and that is I did
9 appear a couple of times before the House Intelligence
10 Oversight Committee.

11 But I also talked informally to their staff
12 director on several occasions, including at the very
13 outset, when I invited them to send their accountants to
14 take a look at what we were doing and how we were doing
15 it.

16 They declined to do so because they felt that
17 would be undue involvement of the legislative branch in
18 an activity of the executive branch. But I did talk
19 repeatedly, directly or by phone, with several members of
20 the committees, and particularly their staffs.

21 It was more often than not contacts with
22 staff. I would go up, be summoned up sometimes to meet,
23 and discover more often it was really a staff group,
24 although one or another members of the committee might be
25 also present.

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32

1 Q As you know, I have had access to your records
2 and I have received copies of many documents that I asked
3 for, I have the impression, having gone through the
4 files, that whenever controversy came up, areas of
5 questionable goods or things such as that, that you and
6 your organization seemed to take the conservative
7 approach in order to avoid creating a problem in a
8 sensitive area.

9 A That's correct.

10 Q I was going to ask you, would you agree with
11 that summary?

12 A Absolutely. We always took -- I always took,
13 because I was essentially running it and making the
14 policy for the organization, aside from of course the
15 policies that came down on us. But in terms of what we
16 did internally, I ran this in a quite conservative
17 fashion in the sense of trying to adhere strictly to the
18 guidelines contained in the legislation.

19 And there is a good reason for that. Not only
20 perhaps is it my temperament to manage things in that
21 fashion, but when George Shultz asked me to undertake
22 this job I asked him what were his objectives and what he
23 wanted me to do. And one of his specific statements to
24 me was: "I want you to go right down the middle on this;
25 I don't want you skating close to the edge in terms of

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33

1 the guidelines that were contained in the legislation.

2 And it was clear to me that George Shultz
3 wanted this thing administered in a way that would be
4 above reproach. And that's precisely what I tried to do.

5 Q Along that same line, let me now -- let's talk
6 for a while about the issue of mixed loads.

7 (The document referred to was
8 marked Duemling Exhibit No. 3
9 for identification.)

10 Q Let me hand you what's been marked as Exhibit
11 3. This is a summary memo that you did basically after
12 the fact, summarizing some of the events that came up in
13 connection with mixed loads. Let's talk about that for a
14 moment.

15 First of all, by mixed loads what we are
16 referring to are shipments which contain both some
17 humanitarian goods and some lethal goods, is that
18 correct?

19 A Correct.

20 Q Now, is my understanding correct that the
21 issue of mixed loads came up solely in connection with
22 flights or shipments within the region of Central
23 America?

24 A - Correct.

25 Q Rather than flights from the United States to

UNCLASSIFIED

UNCLASSIFIED

34

1 Central America?

2 A Correct.

3 Q Let's first eliminate that other part.

4 To your knowledge, and as I say to your
5 knowledge, did any NHAO flights originating from the
6 United States into the region contain any lethal aid
7 whatsoever?

8 A None whatsoever to my knowledge.

9 Q Okay. So the issue of mixed loads only
10 relates to inter-regional shipments?

11 A Correct.

12 Q Intra-regional shipments, excuse me.

13 A Correct.

14 Q In connection with those intra-regional
15 shipments, first let me ask you this. How did the issue
16 come up in connection with the mixed loads? In other
17 words, I understand that NHAO had contracts with the air
18 carrier services to transport goods into the region. How
19 did the issue come up about whether NHAO would be paying
20 for shipments within the region?

21 Were these also NHAO contracts or were you
22 being asked to reimburse costs that had already been
23 incurred?

24 A No, these were NHAO contracts. Let me just
25 provide a little background. The resistance was based

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35

1 primarily, as we have already said, [REDACTED] They
2 also, however, had some kind of a transportation
3 capability utilizing [REDACTED]

4 They had some aircraft of their own which they
5 utilized for transport purposes, but their own air
6 resources were extremely limited, and therefore we
7 assisted them with air transportation.

8 And that was transportation, air
9 transportation of various sorts. For example, part of it
10 was utilizing commercial air services [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 We also moved some goods that we ourselves had
15 flown from the United States [REDACTED]

16 [REDACTED]
17 [REDACTED]
18 There was also, however, the question of
19 whether there could be drops of goods inside Nicaragua,
20 and that was raised with us, and I believe that the issue
21 of mixed loads came up primarily in connection with the
22 idea of drops inside Nicaragua.

23 And there the reason was that dropping
24 supplies inside Nicaragua was, of course, always a
25 dangerous undertaking. It was also dangerous for the

UNCLASSIFIED

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36

1 troops on the ground, who had to remain static for
2 several hours in order to be at a drop zone and pick up
3 supplies.

4 So because of the danger to both the aircraft,
5 its crew, and the troops on the ground, the operations
6 people recognized that the best thing to do would be to
7 send in a single aircraft which would drop the mix of
8 supplies that were required by the troops on the ground.

9 And that would include probably resupply of
10 ammunition as well as a resupply of boots and clothing
11 and pharmaceuticals and whatever. So I believe that the
12 issue of mixed loads really arose first in connection
13 with the problem of dropping inside Nicaragua.

14 Q Okay. Now, in connection with dropping inside
15 Nicaragua, NHAO had a contract with a company called
16 Vortex, which on four occasions either did or attempted
17 to make drops directly inside Nicaragua.

18 Are these the flights you're referring to?

19 A I believe so. Now, Vortex was operating out of
20 Miami, as I recall, and I think that those were the
21 flights into Nicaragua.

22 But what I don't recall, quite frankly, is
23 exactly where those flights departed from. I'm sure they
24 must have started at least from Miami. Whether they then
25 stopped elsewhere before flying in, I don't quite recall.

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SECRET
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37

1 I think that was not the only organization
2 that was involved in this. I don't recall, strictly
3 speaking.

4 Q Let me jump ahead for a second. There were,
5 as I understand it, although reading the Miami Herald
6 story in the past week or so made me wonder whether I
7 truly understood the issue -- my understanding was that
8 there were basically two occasions when the issue of
9 mixed loads had to be addressed in the concrete, rather
10 than in the theoretical.

11 And that was in connection with one shipment
12 that was split 93 percent humanitarian and 7 percent
13 lethal, and another occasion when it was 50-50.

14 A Yes. First of all, you are talking about
15 Charday's piece, which I did not see, and which people
16 have told me about. He did call me prior to that and got
17 some information, which he botched.

18 Q He seemed to.

19 A He was flat wrong on a number of things.

20 (Discussion off the record.)

21 Q On the record.

22 A Let me comment on those two flights he
23 referred to. They were in fact flights [redacted]
24 [redacted] and those -- I don't recall quite -- it seems
25 to me -- let me put it to you this way.

SECRET
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38

1 The facts would seem to suggest that after we
2 got -- after we became clear on what the mixed load
3 policy guidance would be, which as I recall came to me
4 from a memo from Jim Michael on about January 6th of 1986
5 --

6 Q You might look on the document in front of
7 you. Exhibit No. 3 refers to January 3, a policy
8 directive.

9 A Okay, that's it.

10 Q You see the numbered paragraph at the bottom,
11 1 and 2.

12 A Yes.

13 Now, that point three obviously is a quote
14 from the Michael memo.

15 Q You're referring to the top of page 2 of
16 Exhibit No. 3?

17 A Correct. And that point is an extract, a
18 quotation from Michael's memo on January 3. And my
19 recollection is that with that policy guidance, which
20 obviously does not specify only drops in Nicaragua --
21 it's a broader proposition than that -- we then did
22 undertake to pay for mixed loads that were what I would
23 describe as lateral, that is to say from [REDACTED]
24 [REDACTED] for example.

25 Now, as a matter of practice we didn't need to

UNCLASSIFIED

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39

1 do that very often because, first of all, we could fill
2 up those aircraft with our own NHAO supplies. So there
3 wasn't free space available for the most part.

4 Secondly, the resistance had its own air
5 transport capability, as I mentioned to you, and/or they
6 were able to charter with their own funds other
7 transport. So that didn't mean we were their only source
8 of air transportation.

9 On the two flights that were referred to in
10 the newspaper article to which you referred, one of them
11 was in fact a mixed load which had, as accurately stated
12 in the article as I recall, about 7 percent lethal. The
13 second episode, the second flight, as that identified it,
14 that article identified it, was a different proposition.

15 We were told -- we were given an intelligence
16 report from the field, which we then investigated
17 further, and we had some oral reporting on it as well as
18 written. But we were told that what had occurred is that
19 one of our charted flights that was flying from [REDACTED]
20 [REDACTED] was only about half-full of NHAO material and
21 that one of the ground people [REDACTED] decided that he
22 should utilize that excess capacity and put lethal on it.

23 We were told that man was told by his
24 superiors not to do that because it would be contrary to
25 our guidelines, and then when somebody turned his back he

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40

1 went ahead and did it. And when the aircraft arrived at
2 [REDACTED] it was found to have 50 percent of its capacity
3 lethal supplies.

4 That was duly reported to us and NHAO called
5 the carrier and said: We will not pay for that flight
6 because it violated our guidelines. And the carrier
7 accepted that and said, all right.

8 I do not know who paid the carrier for that
9 flight, but NHAO did not.

10 Q Was that carrier Southern Air Transport or,
11 excuse me, Airmach?

12 A I believe it was Airmach. Yes, I'm sure it
13 was Airmach.

14 Q Because it would have been -- it was an L100.

15 A Because one of my people, Phil Buechler,
16 telephoned Cynthia whoever --

17 Q Donlinger?

18 A Donlinger, who was the bookkeeper for Airmach,
19 and told her.

20 Q Right. I think I ought to put into the record
21 some of the specific information. This is based on some
22 CIA cables, some traffic there, that on either the 19th
23 or 20th of February of 1986 an NHAO-chartered L100
24 transported from [REDACTED] a load which
25 consisted of -- and I have the exact poundage here, but

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SECRET

41

1 it breaks down into 93 percent humanitarian and only 3
2 percent -- excuse me, 7 percent lethal.

3 Then on the 20th of February, another L100
4 flight left -- cargo for FDN, left from [REDACTED]
5 [REDACTED] which carried approximately half and half
6 between humanitarian and lethal.

7 Those were the two flights you're referring
8 to?

9 A Yes, I believe so.

10 Q Now -- and then the CIA information indicates
11 that some people were "read the riot act" and future NHAO
12 charters would carry no lethal material and FDN was to
13 rely on chartered DC-6 to shuttle lethal supplies from
14 [REDACTED]

15 To your knowledge, were there any other
16 occasions other than these two when the issue came up
17 about whether or not to pay for a specific shipment which
18 contained a mixed load?

19 A I don't recall any other. I may be wrong, but
20 to the best of my memory I don't recall any.

21 Q I don't have any indication of any, and your
22 memo talked about those two particular flights and I just
23 wondered if there were any others that you knew of.

24 A The memo that you speak of is this Exhibit 3?

25 Q Yes, Exhibit 3 on page 2 -- excuse me. On

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42

1 page 3 you refer in the middle of the page to two
2 examples demonstrating the effectiveness of the
3 monitoring system.

4 I just wanted to make sure that, while you
5 call them two examples, they weren't just simply two that
6 you picked out of a larger group.

7 A No, no. I think those were it. And as I
8 recall, and perhaps you found in my files a memorandum to
9 me from Kevin Whitaker in which I asked him to research
10 this question.

11 There is in the files Whitaker's memo to me, I
12 would have thought from about around March or April of
13 '86. And I would have drawn on that memo in compiling
14 this.

15 Now, I'm pretty sure that -- and his memo
16 addresses the whole issue of when did NHAO, if at all,
17 involve itself with mixed loads. And as I recall, he
18 came up with only -- I think -- now let me say this. I
19 wonder if there wasn't -- well, wait a minute. Let me
20 look at this for just a minute.

21 Q Take your time.

22 A For some reason, it sticks in my mind that
23 there were three flights that had mixed loads, of which
24 one of them, the third, is this one that turned out to
25 have half, and that there were two others that had mixed

UNCLASSIFIED

UNCLASSIFIED

43

1 loads, of which this is one.

2 Now, I can't be absolutely sure, but I think
3 there might have been one other flight.

4 Q Do you recall what the percentage breakdown
5 was on that?

6 A All I recall is that it was within our
7 guidelines, and I think by that -- we never had -- as you
8 can see from the policy guidance, there was no firm
9 number.

10 I think we were using actually about 90-10.
11 The newspaper article to which you referred I think uses
12 80-20.

13 Q Right.

14 A But I don't think that was it. I think we used
15 as a rule of thumb -- as a rule of thumb we used about
16 90-10.

17 Q 90 percent humanitarian and ten percent?

18 A 90 percent humanitarian and ten percent
19 lethal.

20 Q And you mentioned some of this off the record.
21 Let me get this on the record. Did you receive any
22 pressure from either Assistant Secretary Abrams or anyone
23 else at the State Department to allow more mixed loads
24 than the record reflects that were actually allowed?

25 A No, I was under no pressure whatsoever. As a

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SECRET

44

1 matter of fact, I think that in my files is a memorandum
2 that I wrote after a conversation with Elliot Abrams in
3 which Abrams himself expressed some reservations because
4 -- about mixed loads, because of the political
5 sensitivity of the whole issue.

6 And Abrams was obviously acutely sensitive to
7 the political dimensions within the United States of
8 this, particularly as the Administration was going to be
9 going back to the Congress for further assistance to the
10 resistance.

11 So they had to keep their constituency in
12 mind.

13 Q Okay.

14 Now, let me show you Exhibit No. 4, which is a
15 summary from your files of -- it appears to be a complete
16 summary of those air chartered flights from the United
17 States to Central America.

18 (The document referred to was
19 marked Duemling Exhibit No. 4
20 for identification.)

21 A Yes, I think this certainly looks like it.
22 What's the date of this?

23 Q Here, this copy is better.

24 It's October 21, 1986.

25 A Can I look at your copy for a moment?

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45

1 Q There's a note on the side indicating that a
2 copy was given to HPSCI.

3 A Yes, that is here. I'm not sure that that's
4 the date when it was actually created, but it may have
5 been.

6 This was put together, this exhibit was put
7 together, by Phil Buechler at the NHAO staff.

8 Q It just attempts to be a summary of --

9 A I believe so. And it may even have been put
10 together to respond to a request from Latimer.

11 Q Okay. Let me go through a few of these
12 flights with you here. The first four flights were with
13 Connor Air?

14 A Yes.

15 Q Now, NHAO had a contract with Connor Air, as I
16 understand it, initially because that was the airline
17 company that ~~the UNO people~~ said they had been using up
18 until that point.

19 A Correct.

20 Q And you all decided to go ahead and continue
21 with the same air charter service they were using?

22 A Correct. That was one of the policy
23 guidelines, was do not disrupt the existing arrangements
24 of the resistance movement unless there is a terribly
25 good reason.

UNCLASSIFIED

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46

1 Q Who told you that, by the way, going back to
2 the beginning of this?

3 A Ollie North.

4 Q North told you that?

5 A Yes.

6 Q Basically, that the FDN and the UNO people had
7 an existing logistics network that had been working fine
8 and NHAO shouldn't come in and disrupt the whole thing

9 A Ollie North's point was, look, these guys have
10 built up with great difficulty their own logistics system
11 over the past year, during which they were receiving no
12 assistance from the United States government. Now the
13 U.S. government is back in the act. Let's not displace
14 or dislodge or replace their existing arrangements, which
15 seemed to be working perfectly well.

16 And that advice seemed, generally speaking,
17 good advice to me, because if they're handling it why
18 should we take it over in terms of the mechanics?

19 Q Okay. Now, going down, the second flight from
20 Connor Air was a flight on October 10th, 1985, from New
21 Orleans [redacted] which as I understand it had some
22 notoriety surrounding it.

23 A Correct.

24 Q Would you go ahead and give us a brief
5 description of what problem arose in connection with that

UNCLASSIFIED

UNCLASSIFIED

47

1 flight?

2 A Yes. What happened is that that flight
3 departed, as indicated, from New Orleans and, unbeknownst
4 to NHAO, Mario Calero, who was running the operation in
5 New Orleans, permitted an NBC television crew to fly
6 along on the flight.

7 I believe Mario himself was on the flight,
8 too. And I guess he was doing it because he felt this
9 was going to generate some kind of favorable publicity
10 for the resistance.

11 In any case, they arrived, the flight arrived

12 [REDACTED]
13 [REDACTED] It is the principal
14 airport for [REDACTED]

15 And as I understand it, the flight taxied
16 over on landing to the military side of the airfield.
17 And when the aircraft stopped and the doors opened and so
18 forth, out came the TV crew. [REDACTED] military who
19 were on the ground were astonished, and I think were
20 concerned about what was going on.

21 And so they apparently put the NBC television
22 folks into a van or something and drove them over to the
23 civilian side of the airfield so that they could be
24 processed through customs and immigration and so forth.

25 But that episode apparently was very

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SECRET

48

1 embarrassing to the [REDACTED] or at least they
2 felt it was, because it demonstrated a degree -- to the
3 press, to the NBC crew, a degree of [REDACTED]
4 involvement with this whole arrangement.

5 And the [REDACTED] chose to make an
6 issue of that with the U.S. government, in fact so much
7 so that they suspended this arrangement and it was not
8 possible to continue flying directly [REDACTED] for,
9 as you will see from this chronology, actually several
10 months.

11 So we were not able to fly [REDACTED]
12 until February of 1986, and that episode was a terrible
13 blow. It had certain other repercussions, too, because
14 Oliver North used that episode as an example of why he
15 felt NHAO should employ Robert Owen, and he claimed that
16 if NHAO had hired Owen and Owen had been along on this,
17 this whole thing would never have happened.

18 Personally, I'm skeptical, but that was what
19 North argued.

20 Q Yes, I will return to that issue a little bit
21 later.

22 At any rate, because of this incident NHAO was
23 precluded essentially from using Connor and also from
24 being able to bring air supply goods right into [REDACTED]
25 for several months?

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SECRET

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1 A Correct.

2 Q Now, because you could no longer use Connor
3 and when you were finally allowed to go ahead and have
4 some shipments resumed, some air shipments resumed, how
5 did the company Airmach come to be selected?

6 A Let me give you a little bit of background.
7 We -- the negotiations with the governments in Central
8 America were entirely in the hands of the State
9 Department and/or others -- NSC, CIA, I don't know.

10 NHAO, myself included, were never part of the
11 negotiations with those governments on the subject of the
12 transportation arrangements and what would be permitted
13 and so forth. We were kept completely out of that.

14 So that -- I won't say necessarily even by
15 choice -- we simply were not included. And I know that
16 there were several trips, for example, made into the area
17 by Bill Walker, for example, by [REDACTED] I guess by
18 Ollie North, and so forth.

19 And they were trying to negotiate with the
20 [REDACTED] All we were told, we were given the orders as
21 to what we would be permitted to do. And indeed, we were
22 told that when the flights did resume that only certain
23 carriers might be acceptable to [REDACTED] and we had
24 to provide aircraft types and side numbers and so forth.
25 There were a lot of constraints.

SECRET
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UNCLASSIFIED

50

1 And what I'm trying to get across here is the
2 fact that we were having to operate with a number of
3 constraints being imposed upon us that we never
4 understood. They were simply a given.

5 Now, what happened on the matter of Airmach,
6 apparently Dick Gadd, who runs Airmach, approached Mario
7 Calero in New Orleans and, if I understand it, had dinner
8 with him, and the next day or so we had a letter, as I
9 recall, from Calero either to me or to maybe Phil
10 Buechler, because the day to day contacts were always
11 between Calero and Buechler.

12 And as I recall, he said that Airmach was
13 prepared to fly this, to undertake this business, and
14 that we should have a look at it.

15 Now, I don't recall whether -- I think it's
16 almost certain that we would have double checked that
17 [REDACTED] to determine whether or
18 not this is going to be an acceptable arrangement. And
19 we obviously were told it would be an acceptable
20 arrangement, because, as I say, we had to refer these
21 things usually through [REDACTED] who
22 undertook to discuss it down through the channels with
23 [REDACTED]

24 And so that's how we came upon Gadd and
25 Airmach.

UNCLASSIFIED

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51

1 Q Okay. And when you were looking around for
2 another company, you had received [REDACTED] a list
3 of five, six, or seven companies?

4 A I think that's right, yes.

5 Q And one of the companies on there was Southern
6 Air Transport?

7 A Yes.

8 Q And I believe you told us at one of the
9 interviews that you had talked with William Langton, who
10 was president of Southern Air.

11 A I did.

12 Q But he didn't want the business?

13 A Correct. Let me tell you what I told you.
14 What happened was that I was in Miami, I guess for one of
15 our periodic operational meetings with the
16 representatives of the resistance, and I went over to
17 actually, as I recall, visit Vortex, I think. And I --
18 we had been in touch, I think maybe Phil Buechler had
19 been in touch, with Southern Air.

20 And Southern Air was providing some ground
21 services to Vortex, but we were not paying Southern Air.
22 We were paying Vortex.

23 And so I went over there just to look around
24 and see what the facility was like and so forth. And
25 I've forgotten whether I asked to see Langton or Langton

UNCLASSIFIED

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SECRET

52

1 heard I was there and said he wanted to talk to me.

2 In any case, I spent probably half an hour in
3 Langton's office at Southern Air, and he asked me about
4 what NHAO was all about and what we were doing. And I
5 told him and he -- as I recall, I did not make a
6 memorandum for the record on this conversation, but as
7 recall it Langton said to me that that was all very
8 interesting, but that Southern Air Transport was not
9 interested in doing NHAO business.

10 And the reason that it was not was because
11 Southern Air had been created originally as a CIA
12 proprietary, and then it had gone public. It became a
13 private company. And it was trying very hard to build
14 its commercial reputation as a responsible private
15 company that had nothing to do with the CIA.

16 And therefore, he did not want to compromise
17 Southern Air's image by undertaking contracts that were
18 politically sensitive, or something of that sort.

19
20
21 The irony obviously is that it
22 was directly contrary to what Mr. Langton had told me was
23 the policy and interest of his organization.

24 Q Now, when you contracted with Airmach for
25 their services, did you know at the time that Airmach

UNCLASSIFIED

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53

1 didn't own any airplanes and was simply going to broker
2 the contract?

3 A I don't know when I knew that, but I certainly
4 knew it quite early in the game. It was clear to us that
5 in this whole world of air charters, which I had known
6 nothing about until I got involved in this, that there
7 are a lot of jobbers out there who undertake things of
8 this sort, that are fairly small undertakings by a lot of
9 carriers' standards.

10 They're too small, they don't earn enough, and
11 the conditions are too awkward or difficult. So what you
12 find is that you are dealing with jobbers, if you will,
13 who themselves may not own aircraft, but who put the
14 package together and who charter the aircraft and find
15 the pilots or whatever.

16 My impression of Gadd was, first of all, I
17 thought that he probably did have aircraft, or at least
18 aircraft that he had under lease, and his own pilots and
19 so forth.

20 As we came to have some experience with him,
21 it became pretty clear that, if he had aircraft, he
22 didn't have very many, because, for example, at one point
23 when he was supposed to be doing a job for us he called
24 us up at the last minute and said that his aircraft had
25 mechanical difficulties and it was down in Marseilles,

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54

1 and therefore he could not perform on his undertaking.

2 So it was not clear to me how many aircraft he
3 had or if he had any. But he certainly had control of
4 some.

5 Q Do you know whether or not Connor was a jobber
6 or whether he actually owned the airplanes that he used?

7 A I have the impression that they owned their
8 airplanes, but I'm not sure.

9 Q What about Vortex and Markair?

10 A Markair, my impression is that they definitely
11 owned theirs.

12 Who else did you ask about?

13 Q Vortex.

14 A I thought that Vortex owned at least one of
15 its aircraft.

16 Q When did you find out that, at least for some
17 of these flights, if not all or most of them, Airmach was
18 subcontracting the work out to Southern Air Transport?

19 A Not until long after the fact. I don't think
20 we found that out -- well, it was probably -- I can't
21 recall directly, but it was long after we had even ceased
22 dealing with Airmach.

23 By the way, we ceased dealing with them
24 because, for a lot of reasons, we were not satisfied with
25 their performance. And we complained. I complained to

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55

1 [REDACTED] because here again is this problem of, they seemed
2 to be the designated carrier.

3 And I complained to [REDACTED] and [REDACTED] said:
4 Well, I think we had better continue it a little bit
5 longer because of all of these complications and
6 delicacies surrounding the whole business of the airlift,
7 if you will.

8 Q Let me stop you here for a second. Did you get
9 either the impression -- did you get the impression from
10 something [REDACTED] either said or implied to you that
11 there were other activities that Dick Gadd was involved
12 with for the government, and that one of the reasons why
13 he would -- they wanted to continue to use him in this
14 endeavor was to sort of pay him back for work he was
15 doing in connection with [REDACTED] ?

16 A Yes. When we complained about nonperformance
17 and a variety of things, his people weren't showing up on
18 schedule, their behavior was less than professional, we
19 had complaints from Project Hope that when his guys went
20 out to load at Dulles that they were inept or inefficient
21 or whatever, so there were a lot of problems with it.

22 And when I conveyed all that to [REDACTED] yes,
23 [REDACTED] indicated that there was something which he didn't
24 want to go into detail on, but that somehow the U.S.
25 government owed Gadd something, and that he apparently

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56

1 had undertaken -- had performed something for which he
2 had not been adequately compensated, and the idea of
3 continuing to give him this business for another two or
4 three flights was going to be a form of compensation to
5 Gadd.

6 Now, mind you, we were getting something in
7 return for what we were paying out. But in a certain
8 sense, the contract was being channeled to him and
9 continued with him even after we, NHAO, as the client
10 were not satisfied with his performance.

11 Q Right. Now, there came a point in, I believe,
12 April of 1986 -- I'm a little fuzzy on this, but I think
13 it was looking at some of your notes. There was a
14 reference somewhere to the statement coming to you from
15 [REDACTED] "We have done enough for Gadd."

16 A Yes, I vaguely remember something like that.

17 Q What can you tell me about what you recall
18 about what finally happened when you were able to go to
19 somebody else besides Airmach?

20 A Well, first of all these arrangements, the
21 details of all these arrangements, were all conducted
22 really between Phil Buechler and Cynthia. And I only met
23 Gadd, I think, once or maybe twice at the office, when he
24 came into the office and we set up the initial contracts
25 and so forth.

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UNCLASSIFIED
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57

1 And I think that -- well, I don't know. I
2 have to get my memory straight here. I think that what
3 happened was that after [REDACTED] in effect said, all right,
4 we've done enough for Gadd, then I guess we informed
5 Gadd, we informed Airmach, that we would not be placing
6 any further flights with them, and that was all.

7 And I don't recall, quite frankly, whether
8 there was any recrimination over that or not. I don't
9 recall whether Cynthia said, hey, wait a minute, why are
10 you cutting us off or something. I don't remember.

11 But I do know that when [REDACTED] told us it was
12 no longer essential that we keep using Gadd, that we did
13 then terminate it, and that was it.

14 Q Okay. One question about Vortex. It has been
15 alleged by people before other committees of Congress
16 that Vortex as a company -- one of the owners of Vortex
17 is a man by the name of Frank Moss, and that he was a
18 "suspected drug trafficker."

19 Did you have any information or any indication
20 whatsoever that the company of Vortex or anybody
21 associated with Vortex was other than on the up and up as
22 a legitimate business?

23 A Absolutely not. Everything I knew about it
24 was that it was a legitimate business. But I have to say
25 that I guess we did not spend a lot of time investigating

UNCLASSIFIED
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58

1 the company or its background or the people in it. I'm
2 sure we must have checked Dunn & Bradstreet or something
3 of that sort to find out if they had a reputation.

4 I can recall that Phil Buechler, who handled
5 these kinds of things for me on a day to day basis, was
6 very pleased with the kind of can-do spirit of Vortex. I
7 never heard that name that you just mentioned, Moss. I
8 never heard that name.

9 The only two people whom I recall -- and I
10 visited down there once and I met -- I'm sorry, I can't
11 remember their names, but there was one fellow who I
12 thought was the president of it, with an Hispanic name of
13 some sort; and the other fellow, it's the guy that Phil
14 dealt with constantly and who was very helpful to us, and
15 he has a straight Anglo name of some kind. I've
16 forgotten what it is, Parker or something or other.

17 Q Just to finish up on this, I believe it's been
18 -- the allegations are -- no, that's another company. I
19 will get to that in a second.

20 (Discussion off the record.)

21 Q I misspoke about something, the name Moss.
22 Actually, this may be the name you're referring to. The
23 allegation -- or no, there's not an allegation.
24 Apparently a man by the name of Mike Palmer --

25 A Mike Palmer, that's the name.

UNCLASSIFIED

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59

1 Q Who is the vice president of Vortex, is
2 currently under indictment in Detroit for marijuana
3 smuggling.

4 A I heard that, I think probably about two
5 months ago.

6 Q Okay. According to information that, as I
7 say, other committees received, some time in March one of
8 its airplanes was searched by Customs, and Palmer stated
9 that the airplane was a "State Department mission" that
10 involved covert CIA operations.

11 A When was that?

12 Q March of '87, which doesn't even make any
13 sense.

14 A It's a long time after we had anything to do
15 with them.

16 Q But at any rate, you had no information or
17 suspicion or indication, anyway, that Mr. Palmer or his
18 company were at all involved in illegal activities?

19 A No knowledge of that at all.

20 Q Now let's go to Mr. Owen and quickly tell the
21 story. First of all, let's start with Exhibit No. 5.

22 (The document referred to was
23 Duemling Exhibit No. 5 for
24 identification.)

25 Q This is notes that you took of a conversation

UNCLASSIFIED

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60

1 you had with Mr. Owen on, I believe, September the 18th,
2 1985, is that correct?

3 A That's correct.

4 Q He came in to talk to you about the
5 possibility of being hired to assist NHAO?

6 A Correct. And at this time I was trying to put
7 together a staff for NHAO.

8 Q And if I can quickly summarize some of this,
9 he said that he was well acquainted with the contra
10 leaders, he was well acquainted with Ollie North, he
11 worked closely with him, he had no connection with the
12 CIA or Department of Defense.

13 He gave you a general background and stated
14 that he could be of much help and benefit to NHAO, is
15 that correct?

16 A Correct.

17 Q Now, what did you tell him at the time?

18 A I told him at the time that -- let me look at
19 my own note here. I think I have a pretty good
20 recollection.

21 I told him at the time that we were indeed
22 trying to put together a staff and I could see that his
23 credentials certainly made him a plausible candidate, but
24 that I did not at that time see a particular role that he
25 could fill and that his own background and experience

UNCLASSIFIED

UNCLASSIFIED

61

1 would equip him for.

2 And I believe I also mentioned to him that I
3 was attempting to put together a staff entirely from
4 people already on the payroll of the U.S. federal
5 government, because I could get them seconded to my
6 operation at no cost. Their own agencies would pay their
7 salaries.

8 And also, I could get them more quickly and if I
9 would have hired a civilian from outside of the
10 government, such as he, there might be some problems
11 quite apart from the cost. There might have to be a
12 clearance procedure or an employment procedure. I simply
13 didn't know.

14 But in any case, I gave him what I considered
15 was a polite but rather noncommittal reply.

16 Q Okay. You just reminded me of another area I
17 just wanted to ask one brief question about. I think you
18 have already done these calculations. Of the total
19 amount, \$27 million, that was appropriated and ultimately
20 spent by your organization, what percentage of it was
21 taken up with administrative costs, salaries?

22 A Yes, we calculated that very definitely. It
23 was approximately one percent of the \$27 million.

24 Q Thank you.

25 Now, after this meeting with Mr. Owen on the

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62

1 18th -- I hand you Exhibit No. 6, which is the notes you
2 took of the conversation you had with Lieutenant Colonel
3 North on the 24th of September, 1985.

4 A Correct.

5 (The document referred to
6 was marked Duemling
7 Exhibit No. 6 for
8 identification.)

9 Q Before we get to Mr. Owen, let me just ask you
10 briefly, he told you at this meeting that his estimate
11 was that the war in Central America was costing the
12 contras \$2 million a month?

13 A Correct.

14 Q And that of that amount, he thought that \$1.25
15 million could come from NHAO, in other words to reimburse
16 the contras for the humanitarian costs?

17 A Correct.

18 Q Do you have any understanding of how the
19 figure of \$27 million had been selected as an appropriate
20 amount to spend in that time frame?

21 A I was told that figure was plucked out of thin
22 air.

23 Q I think that's probably correct.

24 Now then, towards the bottom of your notes for
25 that day, your conversation, it says: "North wants me to

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63

1 use Rob Owen. He is 'can-do' and knows the scene."

2 That is essentially a summary of what Colonel
3 North told you?

4 A Correct.

5 Q Did he describe to you in any way what
6 relationship he had with Rob Owen?

7 A He did not go into it in any detail. Owen
8 himself had previously mentioned to me, as we have noted,
9 that he knew North. And North here indicated that he,
10 North, was a good friend of Owen.

11 He gave me no description of what their
12 relationship was, but I think that Chris Arkos probably,
13 since he knew all of these people, Arkos may have filled
14 me in on it to some degree and said that Owen is very
15 close to North.

16 What seemed to be the case was that Owen, by
17 his own description, was clearly publicly associated with
18 support for the contras, working to support the contras,
19 and of course as a private citizen, not in the
20 government, he was obviously at liberty to do whatever he
21 wanted to do with the contras.

22 North's own sympathy and knowledge of the
23 contras and sympathy for them was well known. And so I
24 just looked upon that relationship as being, that is to
25 say the North-Owen relationship, as being part of this

UNCLASSIFIED

UNCLASSIFIED

64

1 whole crowd of Republicans who are helping the contras
2 and so forth.

3 Q Okay. I think you referred to Mr. Owen as a
4 "true believer."

5 A That's what he called himself. He called
6 himself a true believer and as a stronger supporter of
7 the President and as a firm believer. I think he used
8 such expressions as, I'm a true believer in the cause.

9 Q Now, did you -- did Colonel North tell you
10 that he had been and was continuing to use Mr. Owen to
11 make, physically make payments to contra leaders from
12 funds located in North's office?

13 A Absolutely not. He made no mention of that.

14 Q Did he ever tell you that he was using Mr.
15 Owen to transport or to convey information about military
16 assistance to the contras, carrying munitions lists to
17 and from contra leaders, providing Colonel North with the
18 military needs of the contras in order for North to go
19 out and find funding or actual materiel for them? Did he
20 tell you that?

21 A Absolutely not. He never told me anything of
22 that sort.

23 Q Did he tell you that he was using Mr. Owen to
24 transport or to transmit intelligence information from
25 the U.S. government to the contra leaders in Central

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65

1 America?

2 A No, he did not. On the contrary, I would say
3 that Colonel North represented Owen simply as being a
4 nice, energetic guy who likes the contras.

5 Q Now, after Colonel North's conversation, this
6 didn't change your mind any about hiring Mister -- about
7 not hiring Mr. Owen?

8 A No.

9 Q Let's go to the next exhibit, No. 7, which is
10 a letter you received dated October 3, 1985, from the
11 AAA's, the three directors of UNO, Adolpho Calero, Arturo
12 Cruz, and Alfonso Robelo.

13 A Correct.

14 (The document referred to was
15 marked Duemling Exhibit No. 7
16 for identification.)

17 Q We don't need to go into the details, but
18 essentially this letter from UNO asked you to give
19 serious consideration to hiring Mr. Owen's company, IDEA,
20 Institute for Democracy, Education, and Assistance, as a
21 designated organization for UNO to facilitate and help
22 UNO in connection with the NHAO program?

23 A It doesn't ask me to consider it. It asks me
24 to do it.

25 Q Right. Actually, it says "Please consider

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66

1 this a formal request."

2 A All right.

3 Q Now, when you received this letter did you go
4 out and hire Mr. Owen as a result?

5 A No, I did not.

6 Q Now then, just a few days later on October the
7 10th, we had that situation with the NBC crew aboard the
8 Connor Air flight. And on October the 17th -- here are
9 your notes, Exhibit 8. On October the 17th, there was a
10 RIG meeting which you attended, Colonel North, Assistant
11 Secretary Abrams, and others, and the situation in
12 connection with that flight was the central topic at that
13 meeting, is that correct?

14 A That's correct.

15 (The document referred to was
16 marked Duemling Exhibit No. 8
17 for identification.)

18 Q And in that meeting, Colonel North was very
19 vehement -- and correct me if I am not being fair, but he
20 was very vehement about the fact that Rob Owen should
21 definitely be hired by NHAO, and that if he had been on
22 board this would never have happened; is that correct?

23 A That is correct.

24 Q You have a specific or separate recollection
25 of that meeting, Colonel North being very much an

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67

1 advocate for Rob Owen?

2 A Yes.

3 Q Now, what happened at that meeting in terms of
4 the other participants and what was finally decided?

5 A Well, as you have just suggested, North very
6 vehemently and vigorously advanced the view that if we
7 had Rob Owen on board working for NHAO, that this kind of
8 episode would have been avoided.

9 He argued that NHAO needed some kind of an
10 expediter in the field to work to get things moving.
11 North had been saying regularly -- this meeting, after
12 all, is mid-October. North had been saying for the
13 better part of a month or six weeks that we weren't
14 getting the assistance moving fast enough.

15 And I don't recall whether in this meeting,
16 but I do note from my earlier notes of my office call, he
17 invoked the name of Bob MacFarlane and Jeane Kirkpatrick.
18 And there was quite a lot of talk about heat from the
19 White House.

20 In fact, since we don't have it in front of
21 us, but I guess it was Poindexter who raised the problem
22 with Under Secretary Whitehead at the State Department,
23 saying why isn't this stuff moving faster. And I was
24 obliged to write a letter for Whitehead's signature back
25 to Poindexter.

UNCLASSIFIED

UNCLASSIFIED

68

1 So there was a lot of heat and pressure about
2 why isn't it moving. And so North also played that
3 theme, and basically he said, you know, you've simply got
4 to have Owen to handle this.

5 And I saw myself essentially isolated. The
6 discussion -- I continued to say I didn't really see the
7 necessity for that. I certainly didn't see the necessity
8 for a middleman somewhere between NHAO and UNO, because I
9 felt that we could work directly with UNO without having
10 some kind of a middleman.

11 But this conversation was essentially North
12 advocating it, I resisting it, Elliot Abrams in the
13 conversation a little bit discussing some of the pros and
14 cons a bit, the others as I recall not saying anything
15 particularly.

16 And finally Elliot Abrams turned to me and
17 said: Well, Bob, I suppose you probably ought to hire
18 Owen. Well, in bureaucratic terms the jig was up, since
19 I was the only person who was speaking out against this.
20 So I said, all right, I will hire Owen, but I will hire
21 Owen only under some very specific conditions.

22 Do you want me to outline those?

23 Q That's okay. You've got it in your memo here.

24 A They are laid out here. And I would like to
25 note that both Owen and North agreed to these conditions.

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SECRET
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69

1 Ollie North typically, which is the way Ollie
2 behaves, then of course when he's got what he wants he
3 then becomes sweetness and light and very congenial.

4 Q Okay. At any rate, this then led to Owen's
5 company, IDEA, getting a grant or a contract with NHAO?

6 A Correct.

7 Q Now, the terms of that contract, and I don't
8 have them in front of me, but they essentially, first of
9 all, require that the work of IDEA has to be specifically
10 limited to humanitarian work?

11 A The contract was very explicit, very carefully
12 drawn. The lawyer that we had working us from the legal
13 advisor's office drew up the contract, and it contains
14 language drawn from the statute.

15 Q It also requires Robert Owen personally to
16 devote his full time services to the work under this
17 contract?

18 A Correct.

19 Q It specifically prohibits him personally from
20 engaging in any activities associated with lethal
21 military aid or anything like that?

22 A Absolutely. For the time which he is under
23 contract, he is specifically precluded from having
24 anything to do with lethal material or assistance.

25 Q Now, Mr. Owen testified under grant of

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70

1 immunity before the Committees -- his depositions were
2 also taken -- in which he described almost -- well,
3 basically not skipping a beat, in connection with the work
4 he had been doing for North then getting a contract with
5 NHAO, and specifically admitted that during the time
6 frame of his contract with NHAO he continued in his trips
7 in Central America to deal with contra leaders in
8 connection with military matters, to assist Lieutenant
9 Colonel North, and specifically described, if I can just
10 summarize it, a time in I believe late March or early --
11 late February or early March, when he accompanied a
12 flight carrying weapons, not a NHAO flight but a flight
13 carrying weapons, into Central America; and that when
14 some problems -- strike that.

15 He accompanied a flight, an empty flight, into
16 Central America which was going to pick up weapons from
17 [REDACTED] and then transport them to the southern forces.
18 And then a problem came up in connection with the weapons
19 not being ready, and so the flight went on to [REDACTED]
20 and there was all kinds of activity there and eventually
21 the thing turned into a bust.

22 But essentially, he admitted to several days
23 of activities in connection with trying to get these
24 weapons to the southern front.

25 He also described other trips where he was

UNCLASSIFIED

UNCLASSIFIED

71

1 essentially, as I understand it, filing two trip reports,
2 one for you telling you what he was doing in connection
3 with NHAO and then a second report for Colonel North
4 telling him the other things he was doing.

5 Did you have any awareness of this dual role
6 that Rob Owen was playing?

7 A I had absolutely no awareness of any of that.
8 My attitude towards that is that those activities were a
9 direct violation of his contract to us. I had no
10 knowledge of those activities at the time that he was
11 carrying them out.

12 And as I say, had I known, it's clear that in
13 my view at least that was a direct violation of his
14 contract. Moreover, as you have referred to these
15 reports, we did ask that he do trip reports, which are
16 all on file with us, and of course there's absolutely no
17 mention of any of that kind of activity in those trip
18 reports.

19 Q Now, your not knowing about those activities,
20 is that based upon an attempt by you not to know?

21 A Absolutely not. I was not trying to look the
22 other way or put on any blinders, by no means.

23 Q Okay, thank you.

24 (Discussion off the record.)

25 Q Let me hand you -- I will start with Exhibit

UNCLASSIFIED

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72

1 No. 9. These are going to be a series of notes you took
2 at your meetings with Colonel North or RIG meetings on
3 miscellaneous subjects.

4 (The document referred to was
5 marked Duemling Exhibit No. 9
6 for identification.)

7 Q First of all, on No. 9 is the meeting you had
8 with Colonel North on September the 11th, 1985. This was
9 within a week or two of when you actually started?

10 A Correct. It was within a week, less than a
11 week.

12 Q You went and talked with Colonel North or
13 Colonel North came to your office?

14 A I went to talk to him.

15 Q You understood he was somebody who was
16 somebody you needed to know or needed to talk to?

17 A I was told that nobody in Washington knew more
18 about the contras than Oliver North.

19 Q And in this meeting on the 11th, he basically
20 gave you a little bit of history of some of the efforts
21 down in Central America with regard to the contras. He
22 told you that they had -- that the contras had sufficient
23 military equipment, they didn't have adequate transport
24 capability, but that they were going to be chartering two
25 Caribous, which are a type of airplane; but that

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SECRET

73

1 basically their principal problems were specifically
2 getting humanitarian aid and assistance, which of course
3 is what your program was geared to do, is that correct?

4 A That's correct.

5 Q Towards the bottom of the first page of your
6 notes, the very bottom, it says: "May 1984 money gone.
7 Suddenly FDN on its own, starting logistics from
8 scratch."

9 And on the next page it says: "July '84,
10 money started again. Today, excellent resupply system."

11 Did North indicate to you in any way where
12 this money supply was coming from that started in July of
13 '84?

14 A Not that I recall, no.

15 Q Did he ever tell you that foreign countries
16 were contributing money for the contras starting at about
17 that time?

18 A No, he did not.

19 Q Did he ever describe for you any of his
20 activities with either General Secord or Albert Hakim or
21 any of those people?

22 A No, he never mentioned that.

23 (The document referred to was
24 marked Duemling Exhibit No. 10
25 for identification.)

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74

1 Q Exhibit 10 is a meeting on October the 1st,
2 1985. On the second page -- if you need to read the
3 context, go ahead. But on the second page at the top,
4 there's a couple of items I wanted to ask you about.

5 First let me go down to where it says

6 [REDACTED] It says on the third line down under [REDACTED]

7 [REDACTED] your note says in reference to [REDACTED]

8 Airstrip being prepared."

9 A Yes.

10 Q Do you have any independent recollection of
11 that conversation and what was said at that time?

12 A Not really. Part of my problem is that I
13 cannot disentangle what I may have subsequently heard
14 about that from what I might have known at the time.

15 What I suspect is that it was a fairly brief
16 reference, simply saying that there was an airstrip being
17 prepared which was going to be available for use by the
18 resistance.

19 Q Did anybody say anything about any connection
20 the embassy in [REDACTED] may have had with that air
21 strip that you recall?

22 A No, I don't recall any.

23 Q At the top of the page it appears to be --

24 A Let me look at what happened.

25 (Pause.)

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75

1 A Yes, go ahead.

2 Q At the top of the page, it looks to be that
3 this was coming from Lieutenant Colonel North, that he
4 was saying something about can use, "Mr. Green said to
5 call," and then he's got the name "Maximo Gomez" and a
6 phone number appears, [REDACTED] and then an
7 arrow that says "will airlift the stuff [REDACTED]"

8 Do you have any independent recollection of
9 what those notes are referring to?

10 A Well, not really. I think that it goes back
11 to the previous page on this matter of food, and that if
12 we did contract for some food in [REDACTED] -- and by
13 the way, that embassy [REDACTED] cable that's mentioned
14 at the bottom of page 1, that as I recall refers to an
15 initiative from the embassy, not something that we
16 solicited, but the embassy saying that a particular
17 person, I think maybe an American citizen, well and
18 favorably known to the American embassy, is in the food
19 business in [REDACTED] and he would have come in and said
20 to the American embassy in [REDACTED] Hey, you want to
21 buy some C-rations and stuff like that? Because I am
22 producing those kinds of things for the [REDACTED]
23 I can provide those, I can sell them to you.

24 So the embassy simply passed that on and said,
25 if you guys are interested in buying C-rations, there's

UNCLASSIFIED

UNCLASSIFIED

76

1 this guy that's well and favorably known to us over here
2 in [REDACTED]

3 Now, I think what then happens here is that
4 what we were told or North said -- if you decide to do
5 that or if this does happen, you can get the stuff
6 airlifted from [REDACTED] and that the way
7 you did that would be to call Gomez, here was his
8 telephone number, and I think tell him Mr. Green said
9 that we should call you and can you arrange to fly this
10 stuff in.

11 I think that's what that's all about.

12 Q I think that's probably a pretty fair
13 assumption.

14 Did you know that there was an individual
15 located in [REDACTED] by the name of Felix Rodriguez,
16 who went by the name Max Gomez?

17 A I did not. No, this is all totally new to me
18 at this point.

19 Q I believe there is other evidence to indicate
20 that in fact Mr. Green was the code word that Colonel
21 North would use in connection with --

22 A I gather that's the case.

23 Q And that Maximo Gomez is in fact this
24 individual, Felix Rodriguez, located in [REDACTED]
25 But essentially, what you just related to me is all you

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77

1 can recall independent of anything anybody else may have
2 told you about this?

3 A That's correct.

4 Q Okay. Thank you.

5 (The document referred to was
6 marked Duemling Exhibit No. 11
7 for identification.)

8 Q Exhibit No. 11 are minutes -- well, not
9 minutes, but your notes of a RIG meeting of November 1,
10 1985. Toward the bottom of that first page of your
11 notes, under item number 6, the whole thing starts off
12 with "RWD checkpoints." So I guess these are items that
13 you are intending to discuss at the meeting?

14 A I would think so, yes.

15 Q And then it says "Robelo very frank that" --
16 talking about Alfonso Robelo?

17 A I think that must have reflected a
18 conversation I had with Robelo.

19 Q Okay. And he was a contra leader in
20 connection with factions in the south?

21 A Correct. He would have been talking about the
22 southern front.

23 Q The very last item under number 6 says [REDACTED]
24 very touchy," with "very" underlined.
25 [REDACTED]

UNCLASSIFIED

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78

1 A Correct.

2 Q "Not possible to send any supplies directly,
3 perhaps through UNFDO later."

4 I guess all I'm asking is, do you recall in
5 fact that the government of [REDACTED] like the
6 government of [REDACTED] was very, very touchy about any
7 overt connection that NHAO or any overt presence of NHAO
8 inside [REDACTED]?

9 A Yes. It was represented to me that [REDACTED]
10 was far more touchy [REDACTED] and that [REDACTED]
11 was not only very touchy about having any support for the
12 contras [REDACTED] but they also were not playing
13 any games behind the scenes, the way [REDACTED] were
14 in fact supporting it behind the scenes, but didn't want
15 it known.

16 [REDACTED] not only didn't want it happening,
17 but they weren't going to help, [REDACTED]

18 Q All right. My question then is, when you
19 understand this or when you hear something like this, I'm
20 trying to fit that in with the brief reference that had
21 been made in the October meeting about an airstrip being
22 prepared [REDACTED]

23 Did you ever make the connection between the
24 fact that the government [REDACTED] was so very
25 sensitive about this and yet North was talking about some

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79

1 kind of airstrip being prepared?

2 A Well, I think what I inferred was that the
3 airstrip -- and here again, I'm not sure whether I can
4 disentangle later knowledge. But I think I inferred that
5 the airstrip that was being prepared was in a very remote
6 part [REDACTED] that it was sort of a semi-
7 clandestine undertaking, and that perhaps the government
8 [REDACTED] was not to be informed about it.

9 And if it were -- and this often happens in
10 that and perhaps other parts of the world. [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 And as an illustration, for example, I was
14 told that some of the regional authorities, military
15 authorities, police authorities, because there is no army
16 [REDACTED] but let's say the police authorities along
17 the border with Nicaragua, looked the other way on some
18 of the activities that the contras were conducting,
19 whereas the attitudes in the capital, [REDACTED] would
20 have been much more negative.

21 Q Okay. Now let me turn to another subject
22 here. Let me hand you Exhibit No. 12.

23 (The document referred to was
24 marked Duemling Exhibit No. 12
25 for identification.)

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80

1 Q There's only one brief reference I want to ask
2 about in here, but generally these are documents in
3 connection with a SIG meeting, S-I-G, which stands for
4 Senior Interagency Group, is that correct?

5 A Correct.

6 Q On May 15, 1986. This was a meeting at a one
7 step higher level than the RIG, and I believe one of the
8 pages here shows the participants toward the end.

9 A It shows probably Michael Armacost as chair.

10 Q It shows Under Secretary Armacost as chairman,
11 Assistant Secretary Abrams, yourself, and some others
12 from State. It shows Sam Watson from the Vice President's
13 Office, and North and Ray Burkhart from the NSC.

14 Now, the question I want to ask you about was
15 contained on page -- I believe there's nothing else in
16 here that I'm particularly interested in. Do you see the
17 number at the top where it says 4331?

18 A Yes.

19 Q Starting at the bottom of that page --

20 A Where it says "With the end of NHAO funding"?

21 Q Right. Let me read that into the record. It
22 says:

23 "With the end of NHAO funding March 31, there
24 is a discussion of alternative sources of funding for the
25 Nicaraguan Democratic Resistance. [REDACTED] noted that

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81

1 the Intelligence Authorization Act would allow the CIA to
2 implement a full non-lethal program if funds can be
3 transferred for that purpose."

4 I will skip a few sentences.

5 " [REDACTED] stated that, if bridge funding is not
6 obtained, resistance forces will encounter serious
7 operational problems in July-August. There was some
8 discussion of State soliciting funding from third
9 countries or a general public appeal for donations."

10 I wanted to ask you about if you can
11 elaborate at all upon the discussion of State soliciting
12 funding from third countries, with the preface that at
13 this point the existing legislation specifically
14 authorized the State Department to solicit from third
15 countries assistance for the contras. So there was
16 nothing untoward about the discussion.

17 But do you recall anything specific about the
18 discussion?

19 A I do not.

20 Q Do you recall -- you said you don't recall,
21 but let me throw a few things out and see if any of it
22 prompts your memory.

23 Do you recall any discussion about the fact
24 that [REDACTED] might be countries that would
25 be willing to contribute money for the contras?

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82

1 A I really don't remember.

2 Q Do you recall Assistant Secretary Abrams
3 saying anything at this meeting about the fact that at
4 this very time he was in discussions or his office was in
5 discussions with General Singlaub about General Singlaub
6 soliciting funds from [REDACTED] with some
7 type of a wink or government approval?

8 A I don't have any recollection of that.

9 (Discussion off the record.)

10 Q I have handed you what's been marked as
11 Exhibit No. 13, which is a four page letter from an
12 individual by the name of Lee Mason with a company called
13 Hondu Carib Cargo, with an address in Grand Cayman,
14 British West Indies, addressed to Mr. Philip Buechler of
15 your office, dated January 20th, 1986.

16 (The document referred to was
17 marked Duemling Exhibit No. 13
18 for identification.)

19 Q In summary, the letter offers the services of
20 this particular company in connection with, I believe,
21 making some flights into the region for NHAO.

22 First of all, was this company solicited in
23 any way to make a proposal to NHAO?

24 A No, this letter arrived in our office entirely
25 unsolicited.

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83

1 Q Okay. Did Hondu Carib Cargo ever get any kind
2 of contract with NHAO to provide any services?

3 A No, they did not.

4 Q Basically, what was the response to this
5 letter?

6 A I'm not sure if we even responded. I don't
7 think we were very impressed. You will note that it is
8 hand printed on their letterhead. That doesn't look like
9 much of a business, if they can't even afford a
10 typewriter.

11 So I don't think we were impressed and I don't
12 even think we responded.

13 Q I had mentioned earlier in my examination
14 allegations about a man named Frank Moss, and I
15 incorrectly associated that name with Vortex. The name,
16 according to the allegations, is actually associated with
17 this company, Hondu Carib.

18 And I noted in the last page of this letter
19 there's a notation that has some numbers and then his
20 name, Frank Moss.

21 First of all, you don't know anything about
22 Mr. Moss?

23 A I don't. It's -- if there was any action
24 taken on this, it would have been perhaps by Mr.
25 Buechler, to whom it is addressed.

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1 I can't tell you offhand whether that is Buechler's
2 handwriting or not.

3 Q Do you have any information or indication in
4 any way that Mario Calero had any connection whatsoever
5 with Hondur Carib Cargo?

6 A No. I have no knowledge of that, no
7 indication.

8 Q Correct me if I'm wrong, but there was an
9 incident. One of the things NHAO discovered was that
10 approximately \$25,000 or thereabouts of NHAO funds had
11 been used by some contras improperly in connection with
12 some purchase of weapons or something?

13 A Correct.

14 Q And that money was reimbursed to NHAO?

15 A That's correct.

16 Q So to your knowledge, none of the \$27 million
17 ever ended up in providing lethal aid in any way? On the
18 one occasion you can recall something, you were
19 reimbursed?

20 A That is correct.

21 Q And Rob Owen talked about the use of pro forma
22 receipts by some suppliers [REDACTED] because it was a
23 way of sort of getting imaginative credit down there.
24 What did you know about the use of pro forma receipts?

25 A That was a bit complicated, because when we

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1 first started we thought we would work on the basis of
2 so-called pro forma invoices, which is a standard
3 commercial practice, in order to quote a price and
4 quantity and that sort of thing.

5 And then we were planning that there would be
6 pro forma invoices, which we would then approve in
7 principle, and then the purchase would be made and the
8 true invoice would come back.

9 We discovered that was going to be cumbersome
10 and time-consuming, so we did away with that, and we
11 dispensed with the notion of using pro forma invoices.
12 However, we did find out that on a couple of occasions
13 people did submit to us what I would describe, not as pro
14 forma invoices, but as fraudulent invoices, that is to
15 say invoices that purported to be an actual -- a document
16 representing an actual transaction which in fact had not
17 occurred.

18 And one such episode was the one that you just
19 referred to. Another episode -- and curiously, both of
20 these occurred in the south, not in the north. And the
21 other episode had to do with a firm with which we
22 contracted for some shirts and pants.

23 Q Do you recall the name of the company?

24 A I think this was the one, I think it was
25 Duque-Estrada. The other one I think was Creaciones

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86

1 Fancy, the one that had actually the \$26,000, I think,
2 and that was Creaciones Fancy.

3 It was Duque-Estrada, and what really
4 happened was that they gave us fraudulent invoices on
5 which we paid, but what they did was take the money and
6 buy cloth and buttons and sewing machines and
7 manufactured the shirts and the pants and so forth.

8 And we spent a long time investigating that on
9 the ground. Mr. Ortega and the staff investigated that.

10 Q Those are the questions I had. I think we can
11 probably finish up. If there is anything we need to come
12 back with you on, I will let you know.

13 That will complete the deposition and, as I
14 say, we'll get back in touch with you if we need to go
15 any further with any of this.

16 (Whereupon, the taking of the instant
17 deposition ceased.)

18 _____
19 Signature of the witness

20 SIGNED AND SWORN TO before me this _____
21 day of _____, 19____.

22 _____
23 Notary Public

24 My Commission expires: _____

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17 Dec 85 ACAS

Nicaraguan Humanitarian Assistance Office

Ways in which [REDACTED] Authorities Inhibit Flow of Assistance to the Nicaraguan Democratic Resistance (UNO): A Checklist

4391

1. Flights from U.S. to [REDACTED]
 - a. Flight clearances
 - b. Acceptability of chosen carrier
 - c. Designation of entry point (may be remote from UNO's area of operations)
2. Warehousing
 - a. Determining where supplies must be warehoused
 - b. Controlling release of supplies from warehouses
3. Internal surface transportation
 - a. Designating carrier and types of vehicles to be used
 - b. Controlling passage of vehicles through checkpoints
4. Internal air transportation
 - a. Designating carrier
 - b. Controlling numbers of flights by clearance procedures
 - c. Designating airfields to be used (may not be most convenient to UNO operations)
5. Controls exercised by regional commanders
 - a. Sequester supplies and release them only as they see fit (this is definitely the case [REDACTED])
 - b. Control of transportation, check points, etc.

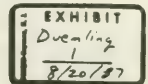
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NHAO:RWDuemling:12/17/85

Partially Declassified/Released on 12/88
 under provisions of E.O. 12356
 J.2. Roger, National Security Council

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4 JAN 86

PAGE 0001
TOT: 04 JAN 86

DIRECTOR 677959

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STAFF 04 DIRECTOR 677959
TO: [REDACTED]Declassified/Released by 1125/88
under provisions of E.O. 12958
J. B. Reger, National Security Council

SUBJECT: POSITIONING OF NHAO SUPPLIES

REF: DIRECTOR 672514

8858

1. THIS CABLE OUTLINES STATION'S ROLE IN THE NHAO TRANSSHIPMENT OPERATION TO BE RUN [REDACTED] PLEASE FEEL FREE TO SHARE IT WITH COM AS APPROPRIATE. IN THE WAY OF BACKGROUND, [REDACTED] IS CHARGED WITH THE RESPONSIBILITY OF MONITORING AND VERIFYING THE ARRIVAL, ONWARD SHIPMENT AND ULTIMATE USE OF MATERIAL SUPPLIED BY NHAO TO THE RESISTANCE FORCES. (THE REASON FOR THIS IS TO AVOID THE NECESSITY OF POSITIONING NHAO PERSONNEL IN THE FIELD, SOMETHING WHICH CARRIES WITH IT A SERIES OF UNWANTED COMPLICATIONS.)

5232

2. [REDACTED] STATION IS TO MONITOR THE ARRIVAL OF ALL EQUIPMENT BROUGHT IN BY NHAO FLIGHTS. THE STATION SHOULD REPORT BY [REDACTED] INTELLIGENCE CABLE TIME OF ARRIVAL OF FLIGHTS AND DETAILED LIST OF MATERIAL OFFLOADED. REPORT SHOULD CONCLUDE BY ADVISING IF MATERIAL WAS STORED OR IMMEDIATELY TRANSSHIPPED. TO FACILITATE THIS REPORTING THE STATION WILL BE ADVISED REGARDING THE TIME OF FLIGHTS AND THE NATURE AND AMOUNT OF CARGO.

EXHIBIT
Dreading
1 (a)
8/20/87

3. SECONDLY, STATION IS TO REPORT IN DETAIL ON ONWARD SHIPMENT OF THE SUPPLIES. THIS REPORTING SHOULD DESCRIBE IN DETAIL THE CONTENTS OF THE LOAD, THE TYPE OF AIRCRAFT AND THE ULTIMATE DESTINATION OF THE CARGO. [REDACTED] WILL BE ASKED TO REPORT RECEIPT OF THE SHIPMENT AND VERIFY THAT THE SUPPLIES WERE IN FACT USED BY THE RESISTANCE FORCES.)

4. THIRDLY, STATION IS TO CONFIRM THAT NONE OF THE SUPPLIES ARE DIVERTED TO [REDACTED] ORGANIZATION. THIS IS

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DATE 15 MAY 1987

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STAFF

PAGE 0002
TOT: 04 JAN 86

DIRECTOR 677959

CRUCIAL POINT AND ANY REA WHICH WILL REQUIRE STATION'S ACTIVE INVOLVEMENT. IN THIS REGARD STATION IS ASKED TO BRIEF APPROPRIATE SENIOR OFFICIALS INCLUDING AND ON THE REASONS UNDERLYING OUR HARDLINE POSITION VIA A VIS. STATION HAS BEEN PROVIDED BACKGROUND PAPER ON THIS ISSUE. IF IT IS NO LONGER AVAILABLE PLEASE ADVISE AND WE WILL REWASH IT. IN OUR BRIEFINGS IT IS IMPORTANT TO UNDERLINE THAT WE DO NOT VIEW

IT IS ALSO IMPORTANT TO POINT OUT THAT SUPPLIES WILL BE MADE AVAILABLE TO FRS UNITS IN THE FIELD VIA MHAO, IF THEY (THE UNIT COMMANDANTES) SO REQUEST. (FYIO: SPECIFIC PLANS TO THIS END ARE BEING MADE.)

5. FINALLY, STATION SHOULD FEEL FREE TO REPORT BACKGROUND INFORMATION ON THE FUNCTIONING OF THE TRANSSHIPMENT OPERATION. TO FACILITATE THIS THE STATION WILL BE ASSISTED IN ESTABLISHING LIAISON CONTACTS WITH UNO/FDM PERSONNEL ASSIGNED TO MANAGE THEIR END OF THE TRANSSHIPMENT OPERATION.

6. WILL BE ASSISTING UNO/FDM REPS IN ESTABLISHING SECURE COMMUNICATIONS WITH THEIR HEADQUARTERS IN

STATION AND TO BRIEF APPROPRIATE PERSONNEL ON THIS PHASE OF THE OPERATION.

7. THERE OBVIOUSLY WILL BE OTHER QUESTIONS WHICH WILL ARISE, HOWEVER, THE FOREGOING PROVIDES GENERAL GUIDELINES. PLEASE ADVISE IF THERE ARE ANY QUESTIONS.

8. FILE: DECL OADR DRV HUM 4-82. ALL
SECRET.>
ORIG: C/LA/CAT
(); REL: C/LA/CAT.
END OF MESSAGE

END OF MESSAGE

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WSC+SSC

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9 MAR 86

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March 9, 1986

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Memo to the FilePolicy Decision Concerning Helicopters

Jim Michel telephoned ^{on} March 9 to discuss my memo of April 1 to Elliott Abrams requesting guidance on helicopters for UNO.

Michel said he had discussed the issue with Bill Walker, and they had agreed and so advised Abrams that it would be imprudent at this time to assist UNO in connection with helicopters. Michel said that if helicopter(s) were to be marked, configured and used exclusively for medevac purposes, it might be possible, but any amount of dual use would create problems of a perceptual and practical nature.

Therefore, the guidance at this time is that NHAO should not act affirmatively on any request involving expenditure of funds for the overhaul, maintenance, operation or transport of helicopters.

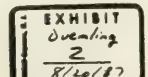
RWDuemling:4/9/86

Declassified/Released on 1/25/99
under provisions of E.O. 12356
by G. Reger, National Security Council

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Nicaraguan Humanitarian Assistance Office (NHAO)

Policy on "Mixed Loads"

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Definition

"Mixed loads" refers to the practice of combining humanitarian and lethal supplies within the same delivery load.

Policy as it evolved:

-- Member 5, 1985: At a hearing of the HPAC Western Hemisphere Subcommittee, Mr. Abrams promised Congressmen Barnes and Levin that the Subcommittee would be informed if the Administration decided to interpret the law to allow NHAO-funded vehicles to be used to transport weapons.

-- Member 18, 1985: Messrs. Michel and Duemling called on HPAC Chairman Hamilton to discuss the mixed loads issue. Hamilton stated that the legislative history is ambiguous on this issue, expressed the opinion that using NHAO-funded vehicles to transport weapons would be "skating close to the edge," and suggested a "best and faithful effort" in that the "principal use" of such vehicles would be humanitarian and "in the overwhelming majority of cases" the vehicles would be put to humanitarian uses.

-- Member 18, 1985: Duemling briefed SSCI Staff Director McMahon on Hamilton's views. McMahon indicated that SSCI Chairman Durenberger was inclined to a more liberal interpretation than Hamilton, but he did not offer to pursue the issue.

-- January 3, 1986: Michel sent Duemling a policy directive, resulting inter-agency consultations and approved by Abrams, containing the following points:

— The Conference Committee on the Intelligence Authorization Act for FY86, meeting in November 1985, provided a "clarifying" liberal interpretation of NHAO's authority in the matter of funding vehicles:

— On the basis of this clarification, and subsequent soundings with appropriate members of the Congress, NHAO was provided with the following guidance:

1. NHAO was authorized to pay for deliveries of humanitarian assistance, including inside Nicaragua.

1. NHAO grants involving vehicles and transportation services must specify their humanitarian purpose and prohibit any modifications that could inflict bodily harm.

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Revised/Released on 4/2/87
 in accordance with E.O. 12958
 U.S. National Security Council

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 Duemling
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- 2 -

1. "However, the grant need not preclude absolutely the transport of mixed loads. Rather, it should be explained to the beneficiary that transport of lethal items should be avoided if possible, that incidental transport of such items in mixed loads is permissible if separate transport would be impractical or unduly hazardous, and that in any event the primary and predominant use of NHAO-funded transport must be the delivery of humanitarian assistance commodities."

-- May 10, 1986: ARA/CEN sent a memo to Abrams enclosing talking points for the oral briefing of Congressmen Barnes and Levin (pursuant to the December 5 commitment) on the NHAO vehicle-funding policy. This memo states that the HPSCI Staff Director had already been briefed on the policy. The talking points repeat the substance of the policy guidance sent by HRC to Duemling.

The Policy in Practice

Flights from the U. S. to Central America: NHAO contracted with private U. S. air carriers to ship humanitarian supplies purchased in the U. S. to destinations in Central America. All such flights were cleared by U. S. Customs agents for compliance with U. S. laws (including no shipment of weapons). In addition the loading and departure of all such flights was monitored by NHAO officials or their designees. In no case was there ever any intention to ship weapons, nor any evidence that weapons were unlawfully introduced onto these flights.

Flights within Central America: NHAO paid for the transport within Central America of two categories of supplies:

1. Supplies procured in the U. S.: these were initially delivered to rear-area bases and then transshipped in smaller quantities to several forward areas.

2. Supplies procured in Central America: these were similarly moved from the point of procurement to the forward areas.

Distribution was accomplished primarily by NHAO contracts with local surface and air carriers, though for a limited period of time two U. S. carriers were also used. The resistance movement itself was able to move some supplies on the few operational vehicles and aircraft in its possession, but NHAO did not compensate the resistance for any costs incurred, in part because these shipments were always mixed loads and difficult to monitor.

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- 3 -

Because of the stringent requirements set forth in the policy guidance, NHAO decided essentially to pursue a policy of avoiding mixed loads. This was feasible because the quantity of non-lethal supplies needing to be transported, and the desperate need of the resistance for these supplies, made it possible and reasonable to completely fill the contracted capacity of trucks and aircraft with exclusively non-lethal loads.

All NHAO grants specifically included the language contained in the policy guidance concerning mixed loads. In addition, the policy was repeatedly briefed to the resistance movement's logistics staff.

Compliance with this policy was monitored by U. S. intelligence agencies in Central America, and their findings were duly reported to Washington. These reports were reasonably complete and comprehensive with respect to air transport, less so with respect to trucks, due to the nature of the two modes (large, infrequent loads were easier to keep tabs on than small, frequent loads).

Two examples will demonstrate the effectiveness of the monitoring system:

1. The system reported that an NHAO-chartered L-100 aircraft arrived at a Central American base on February 19 with a cargo of 47,736 lbs. of supplies purchased by NHAO in the U. S. Prior to departure the following day, 3,168 lbs. of grenades belonging to the resistance (representing 7% of the total load) were added to the cargo before the entire load was flown onward to a forward area. To the best of its knowledge, this was the only occasion on which NHAO paid for a mixed load.

2. A second L-100 flight on February 20 from the same intermediate point of departure to the same destination contained a cargo half consisting of lethal supplies belonging to the resistance. On February 25, intelligence sources informed NHAO that cargo handlers had erred in utilizing unused capacity on the NHAO-chartered flight to add the lethal material. Because the mixed load policy had clearly been violated, NHAO refused to pay the carrier for this flight.

This monitoring system was important to NHAO because it also monitored and reported on movements and deliveries that were not funded by NHAO, thus making it possible for NHAO to distinguish clearly between its own charters and those funded

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- 4 -

S 4367

by the resistance movement itself. The situation could otherwise have proved confusing, because the resistance independently contracted with carriers also used by NHAO. This "dual use" of the same carrier did create confusion among journalists, who interviewed flight crew members that were uninformed as to who was paying for which flights. Sometimes these crews handled exclusively humanitarian supplies and sometimes mixed loads, and some crew members wrongly assumed -- and so informed journalists -- that NHAO paid for both. (However, one journalist reported that a crew member told him that NHAO supplies shipped from the U. S. were fully off-loaded before the aircraft was subsequently utilized to carry mixed loads.)

In fact, only the carrier's management and resistance officials would have known the identity of the contracting party for every separate flight.

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... goods to

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No Date

- said sum - - - - - AUG
- Thanked him for proposal (letter of 9/27)
- Saw no specific role for him yet - none on the Project Hope project.
- But hope to find something & will be in touch. D 10/2

cc to FBI 4/10/97

Rol-Owen 9/18 (Office call)

Even consulting company
on Central America
Worked for Sen. Dan Quayle -
knows Calero, Cruz Riera
knows Ollie North (senator)
Escorted his Chaney to
Cst. America.

No connection to case -
DID

Background

These friends native
Stanford 76
kidnape program -
worked for Rep. Sen.
Murray
Murray & Co

Limited Spanish -
"Follower in the cause"

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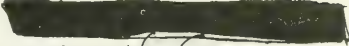
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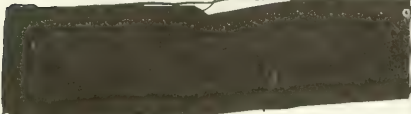
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Owenling
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8/20/97

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Equal time spent in


Accompanied Cruz,
 Calero & Ribelo in
 calls on Congress.

Surveyed needs in the
 area where govt aid
 shut down
 known funding -


Could best be used
 on a project basis.

Can still any way I want -
 perhaps project basis.



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3/ Proclamation

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Serve Presidents' policy

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- HEARINGS

HSITS -157 /87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

COPY NO. 1 OF 2 COPIES

UNITED STATES SENATE

DIAMAJOR

DEPOSITION OF

Thursday, July 2, 1987

4412

Partially Declassified/Released on 26 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Washington, D.C.

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WASHINGTON, D. C. 20001

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1

DEPOSITION OF [REDACTED]

Thursday, July 2, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Deposition of [REDACTED]

called as a witness by counsel for the Select Committee,
 at the office of the Select Committee, Room SH-901, Hart
 Senate Office Building, Washington, D. C., commencing at
 1:35 p.m., the witness having been duly sworn by RAYMOND
 R. HEER, III, a Notary Public in and for the District of
 Columbia, and the testimony being taken down by Stenomask
 by RAYMOND R. HEER, III, and transcribed under his
 direction.

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TOP SECRET/CODEWORD

2

1 APPEARANCES:

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 TIMOTHY WOODCOCK, ESQ.

6 HANK FLYNN

7 On behalf of the House Select Committee to
8 Investigate Covert Arms Transactions with Iran:

9 ROBERT GENZMAN, ESQ.

10 On behalf of the Central Intelligence Agency:

11 RHONDA M. HUGHES, ESQ.

12 On behalf of the Defense Intelligence Agency:

13 BILL ALLARD

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3

C O N T E N T S

EXAMINATION ON BEHALF OF

WITNESS

SENATE

HOUSE

By Mr. Woodcock

4

By Mr. Ganzman

143

E X H I B I T S

EXHIBIT NUMBER

FOR IDENTIFICATION

1

85

2

107

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135

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PROCEEDINGS

Whereupon,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. WOODCOCK:

Q Major [REDACTED] would you state your name for the record, please?

A [REDACTED]

Q Major [REDACTED] I'm Tim Woodcock and I'm Associate Counsel for the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. This is a deposition held under the auspices of the Senate Committee. It is also held under the auspices of the House Committee on the Iran-Contra Investigation. Robert Ganzman of that Committee is here and representing that Committee.

Accordingly, this is an official inquiry of these two Committees, and the information that you impart to these Committees may well be useful in the investigations under their enabling resolutions.

Let me begin by briefly going over your background. First let me state for the record we have

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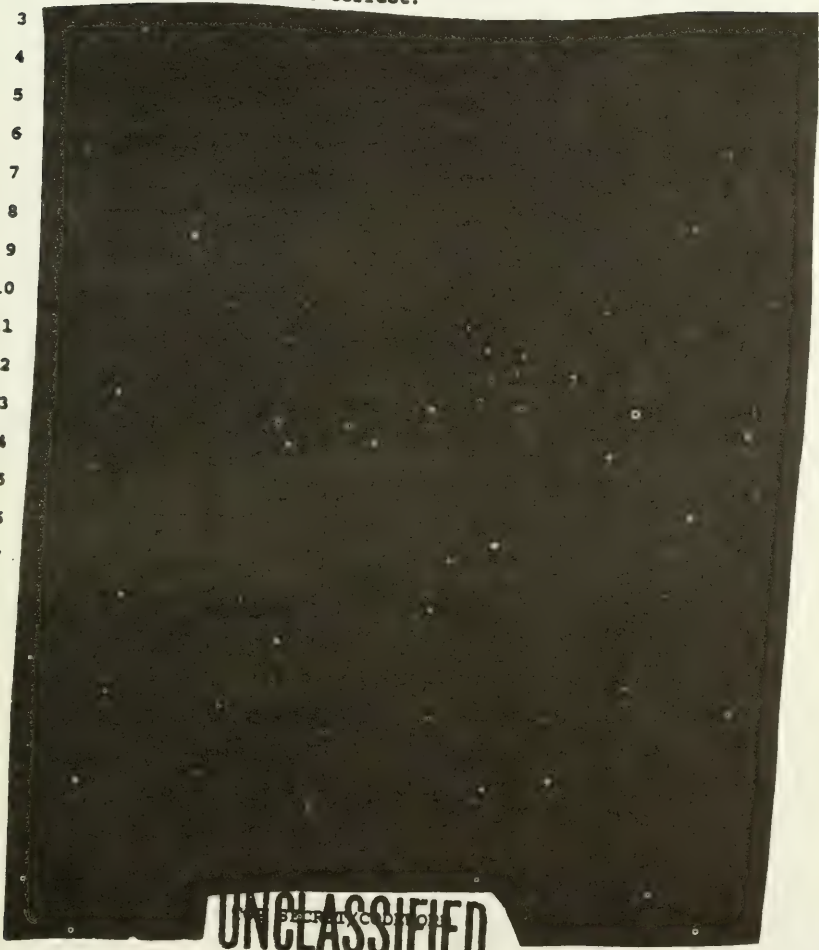
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1 interviewed you before; is that not correct?

2 A That is correct.

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13 Q Now during this period of time, say beginning
14 in June of 1985, did you occasionally attend meetings of
15 the Hostage Locating Task Force?

16 A Correct -- sporadically in the beginning. I
17 believe they met once every two weeks or once a month.

18 Q What did you understand the Hostage Locating
19 Task Force to be?

20 A It was a clearing house for intelligence
21 between a number of agencies -- DIA, CIA, State, and DEA,
22 the Drug Enforcement Agency.

23 Q The FBI?

24 A The FBI as well. Excuse me.
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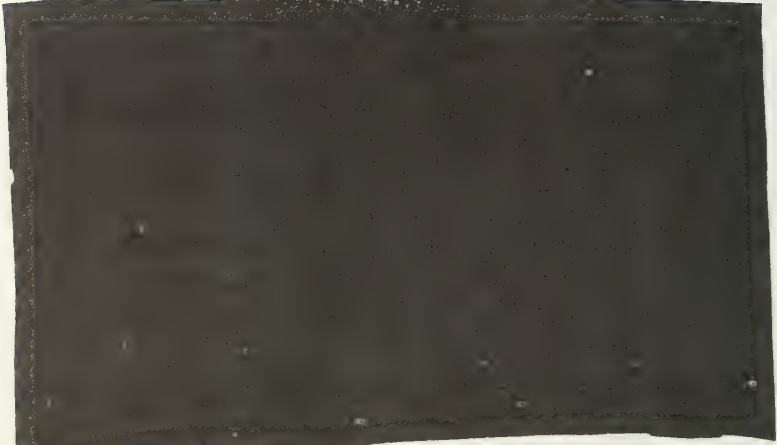
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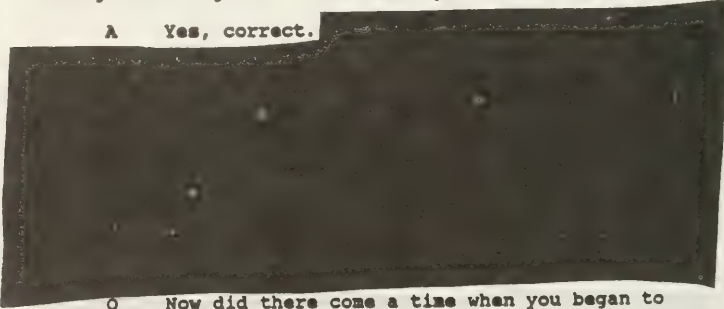
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12 Q Let me back up in time here a bit, Major
13 [redacted] if I might. From June of 1985, when you
14 were working with [redacted] I gather he
15 would use you as a resource from time to time at his
16 Hostage Locating Task Force meetings; is that correct?

17 A Yes, correct.
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24 Q Now did there come a time when you began to
25 attend these Hostage Locating Task Force meetings with

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1 any regularity?

2 A In the September-October time frame I believe
3 I was attending them with some regularity.

4 [REDACTED] in fact I
5 began to attend them with regularity, I believe, in about
6 November.

7 Q Now in attending these meetings did you reach
8 a point where you became at all frustrated with the
9 Hostage Locating Task Force?

10 A Yes.

11 Q When would you think that feeling developed?

12 A Towards the end of November, the beginning of
13 December. I felt that it had ceased to function as it
14 was designed. The various agencies that were attending
15 always seemed to be less knowledgeable in fact than they
16 should have been. In other words, there was information
17 that was available at the TS level that they didn't seem
18 concerned with, and I would bring it to their attention

19 [REDACTED]
20 [REDACTED]
21 And it didn't seem to have as much a sense of
22 urgency.

23 MR. GENZMAN: Did you say information at the
24 TS level?

25 THE WITNESS: Yes, at Top Secret. At the Top

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1 Secret or Top Secret/Codeword level. There would be bits
2 and pieces that I would bring in and would say well, I've
3 seen a CIA report that says such and such. What does CIA
4 think? Oh, that's a good and valid report. And I was
5 not rude enough to question why didn't you bring it up at
6 this meeting. But I just thought that the group should
7 be more forthcoming as a clearing house.

8 BY MR. WOODCOCK: (Resuming)

9 Q Now some of the people who were attending
10 these meetings, let me suggest some names and see if you
11 can add to them. Would [REDACTED] be one of them?

12 A Yes.

13 Q [REDACTED]

14 A Yes, occasionally.

15 Q [REDACTED] was a representative of CIA; is
16 that correct?

17 A Correct.

18 Q And [REDACTED] was a DOD or DIA rep?

19 A [REDACTED] was a CIA/DO rep --
20 Directorate of Operations.

21 Q Did he have a relationship to the Department
22 of Defense?

23 A Not that I'm aware of.

24 Q And Abraham Azzam?

25 A Was representative of DEA, the Drug

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1 Enforcement Agency.

2 Q And James Wallace, did James Wallace represent
3 the FBI?

4 A Yes, he did.

5 Q Now did a Colonel Porter represent the
6 Department of State?

7 A Either Colonel Porter or a representative from
8 his office was generally in attendance at the meetings.

9 Q His office, would that have been Ambassador
10 Oakley's; is that correct?

11 A That is correct.

12 Q Do you recall what Colonel Porter's first name
13 was?

14 A No. I'm sorry, I don't. I don't generally
15 call Colonels by their first name.

16 Q "Colonel" suffices; is that correct?

17 A Yes, sir.

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Page 18 through 22
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Q Now, returning to the latter part of the fall, 1985, and your experience with the Hostage Locating Task Force, do you recall during that period of time expressing your frustration with the Hostage Locating Task Force to a Captain in the White House Situation Room?

A Yes.

Q Do you recall who that was?

A Kevin Willey, I believe.

Q What was the upshot of your conversation with Captain Willey?

A Well, he said that Ollie North is the guy that

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1 really counts on the hostages. He's the guy who is
2 really the mover and the shaker, and if I wanted to make
3 contact with somebody that was working on that problem
4 that it should be Colonel North.

5 Q Now let me ask you how did it happen that you
6 were speaking to Captain Willey?

7 A I had had a long relationship dealing with him
8 on intelligence matters. The White House Situation Room
9 would call up and ask for background on a very informal
10 basis. They would take products of intelligence from DIA
11 and CIA and wrap them together for briefing books for the
12 White House and sometimes they would question or request
13 some additional background on why something was
14 important.

15 And over a long period of time we developed a
16 relationship with individual analysts.

17 Q And you developed such a relationship with
18 Captain Willey, I gather.

19 A Yes.

20 Q What branch of the service was he in?

21 A Air Force.

22 Q Did Captain Willey, having detected your
23 frustration, encourage you to go see Oliver North?

24 A Or to call him. He gave me his telephone
25 number. I declined it, however, at that time.

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1 Q Did there come a point when you did take him
2 up on his offer to get in touch with Oliver North?

3 A Yes. It was in mid-December.

4 Q How did that contact occur?

5 A I called Colonel North and expressed my
6 frustration and said I didn't believe the Hostage
7 Location Task Force was functioning in a true and correct
8 mode, and he agreed and forthwith invited me to a meeting
9 which was going to be held at the Old Executive Office
10 Building.

11 MR. GENZMAN: Can I interject? Where you
12 specific as to your frustrations?

13 THE WITNESS: I was specific in that I said
14 that the Hostage Locating Task Force was not functioning
15 as it had been designed, as a clearing house, and he
16 agreed and had indicated that there was a new task force
17 to be formed.

18 BY MR. WOODCOCK: (Resuming)

19 Q To the best of your recollection this was in
20 approximately mid-December; is that right?

21 A Yes, sir.

22 Q Now he invited you to a meeting. Did you then
23 go to the meeting?

24 A At that time I contacted the Chairman of the
25 Joint Chiefs to make sure that I had permission to attend

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1 such a meeting, and was given permission to attend. I
2 also requested permission from DIA in that it was over at
3 the White House.

4 Q When you went to the meeting, did you go by
5 yourself?

6 A No. I took [REDACTED] with me from the
7 terrorism section or the counterterrorism section of DIA.

8 Q Did Lieutenant Colonel North know in advance
9 that [REDACTED] was coming?

10 A Not during the phone call. However, I did
11 call back to his office to ask permission for him to
12 attend and got permission from the JCS and DIA for him to
13 attend.

14 Q Now the meeting that you attended, do you
15 recall the date?

16 A I believe it was just before Christmas.

17 Q At our last meeting you thought it might have
18 been December 23. Does that sound like the right date,
19 or could it be the right date?

20 A To the best of my recollection, yes, sir.

21 Q When you arrived at the meeting, who do you
22 recall was there?

23 A Two representatives from DIA, Mr. Charles
24 Allen from CIA. I believe there were [REDACTED]
25 [REDACTED] Colonel North, and I don't remember all

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1 of the other parties at this time who were there.

2 Q Do you know whether State was represented?

3 A I believe there might have been somebody.

4 Yes, I believe there was somebody there from Ambassador
5 Oakley's office. I think it was his deputy.

6 Q Who would that have been at the time; do you
7 recall?

8 A His name escapes me.

9 Q Do you recall either DEA or FBI being
10 represented at this meeting?

11 A I believe there was a representative from FBI;
12 I think Jim Wells or an associate of his was there.

13 Q Now I gather that many of these people you had
14 never seen before; is that correct?

15 A That is correct. Many of the faces were new
16 and that is why I would not have recognized them at the
17 time.

18 Q In fact, many of those faces you never saw
19 again; is that true?

20 A Some of them I did. Mr. Allen I saw
21 frequently. Colonel North I saw frequently.

22 Q Now at this meeting what was the topic?

23 A The topic was the formation of a new Hostage
24 Location Task Force under the auspices of CIA, Mr. Allen
25 specifically.

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1 Q Do you recall whether there were any
2 representatives from the Directorate of Operations at CIA
3 at this meeting?

4 A I believe there was at least one. I'm not
5 sure. I really can't say. To be quite specific, I don't
6 remember seeing anybody from the DO there.

7 Q Would that have been representation that you
8 would have hoped for in this group?

9 A I would have thought it had been strange if
10 there hadn't been somebody from the DO there.

11 Q Is that because you had hoped this group might
12 take on some operational activity?

13 A No. But intelligence, for intelligence to be
14 valuable and for intelligence to be collected in a
15 meaningful manner it is important that the operations
16 people know what it is you are looking for.

17 Q Now were you called upon in the course of this
18 meeting to put forward your own views of the state of
19 hostage location rescue efforts?

20 A Yes.

21 Q How did that come about?

22 A I believe it was Colonel North who turned to
23 me and said, well, Major [REDACTED] what do you have to
24 say. And I made a brief statement that I was not a
25 diplomat, that I was not a statesman, that I was a

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1 soldier and that I was working on a mission which was,
2 hopefully, to see the hostages freed in the Middle East
3 by the gathering of intelligence to locate those hostages
4 and that heretofore I didn't think it had been a very
5 well coordinated effort.

6 Q Did you bring to the attention of the group
7 gathered there any feeling on your part that the
8 government had not even properly explored the range of
9 options that might be available for hostage location and
10 rescue?

11 A Yes.

12 Q Do you recall what the reaction was to your
13 presentation?

14 A There was general agreement.

15 Q Now do you recall any other persons taking the
16 floor and making remarks on the subject?

17 A Yes. Colonel North made some remarks about
18 hostages being traded for HAWKS.

19 Q And when you say HAWKS you mean HAWK missiles;
20 is that correct?

21 A Yes, HAWK anti-aircraft missiles.

22 Q How did those remarks suddenly -- or, should I
23 say, how did those remarks come to be made?

24 A To the best of my recollection, he made a
25 remark to the effect that something about even if the

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1 last hostage that came out was traded for 80 HAWK
2 missiles, a remark in passing which somewhat shocked me.

3 Q Let me see if I understand. The remark that
4 he made was even if the last hostage was released in
5 exchange for 80 HAWK missiles; is that correct?

6 A Or words to that effect.

7 Q Did he complete the thought?

8 A I don't remember the exact context. It was
9 just used in -- he was not referring to future trades of
10 that sort. He made mention of the fact that the last had
11 been traded for missiles, a fact that I was unaware of.

12 MR. GENZMAN: When he said "last" you thought
13 he meant the most recent hostage that had been returned?

14 THE WITNESS: Yes, sir.

15 BY MR. WOODCOCK: (Resuming)

16 Q Do you recall whether he identified it or just
17 identified it as the last hostage?

18 A I think it was just left as the last hostage
19 or the most recent release or words to that effect.

20 Q Now do you recall what the reaction was to
21 this idea of Colonel North's?

22 A Dead silence.

23 Q Do you recall whether this remark of Colonel
24 North's recalled to your mind anything

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1 A Yes.

2 Q How was that?

3 A There was a press piece, a FIBIS piece --
4 Foreign Information Broadcast translation of an Iranian
5 editorial which made mention of trading U.S. arms for
6 hostages in Lebanon. And I mentioned -- after I
7 recovered from the initial shock, I mentioned to Colonel
8 North that I had seen a piece in the press.

9 Q Did you do that in front of the rest of the
10 group?

11 A Yes.

12 Q Did you identify that it was an Iranian
13 editorial?

14 A Yes.

15 Q Do you recall what Colonel North's reaction
16 was to your revelation that this editorial had come into
17 being?

18 A He was -- he seemed somewhat surprised. He
19 said, I hadn't heard that or heard of it.

20 MR. GENZMAN: What led you to make this
21 comment about this piece of information from your file?

22 THE WITNESS: Because there were some other
23 pieces in the editorial which bore some substance to the
24 type of group that was holding the hostages. I did not
25 consider the trading arms for hostages, is not a piece of

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1 information, intelligence information. I had totally
2 disregarded it. But in reading through it I had read
3 that and disregarded that.

4 But as I recollected, based upon Colonel
5 North's statement, perhaps it had been a very in-depth
6 piece, a factually correct piece.

7 MR. GENZMAN: Was there discussion about
8 secrecy that led you to make this comment about a news
9 report such as this?

10 THE WITNESS: Discussion where?

11 MR. GENZMAN: At the time that you made this
12 comment.

13 THE WITNESS: There was no discussion of
14 secrecy -- at the meeting at the Old Executive Office
15 Building?

16 MR. GENZMAN: Yes.

17 THE WITNESS: There was no discussion of
18 secrecy. Obviously we were all cleared for high level
19 Top Secret/Codeword intelligence as group members, but
20 ~~the~~ specific reference to secrecy and the level of
21 sensitiveness of this intelligence was not discussed that
22 I remember.

23 BY MR. WOODCOCK: (Resuming)

24 Q I think what Mr. Genzman is driving at is, as
25 Colonel North made this remark about HAWKS being involved

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1 in freeing the last hostage and you then bring up the
2 subject of this editorial [REDACTED]

3 [REDACTED] what was it that prompted you to do that?

4 A Simply the fact that I had remembered that it
5 had been an unclassified press piece and that this was
6 surprising to me and I wondered if he had seen that, just
7 to let him know that this was in fact at least in
8 unclassified realm, even if I had disregarded it at the
9 time.

10 Q When you say you disregarded it, do you mean
11 you disbelieved that portion of the editorial that
12 asserted there had been an arms-for-hostage trade; is
13 that right?

14 A Completely. I didn't believe the U.S.
15 Government would be involved in anything like that.

16 MR. GENZMAN: Did Colonel North express any
17 concern about operational security?

18 THE WITNESS: I don't recollect that he did at
19 this meeting. Later I was briefed or extensively
20 reminded of the sensitiveness of the caveats that we had.

21 BY MR. WOODCOCK: (Resuming)

22 Q Did anyone either then or thereafter comment
23 on Colonel North's comment about the 80 HAWK missiles and
24 hostages or your rejoinder referring to the Iranian
25 editorial?

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1 A Do you mean the same day as the meeting?

2 Q Either at the meeting or thereafter -- any
3 time.

4 A Yes. I believe Mr. Allen made a remark about
5 "Ollie talking too much at these meetings", or words to
6 that effect.

7 Q That was not at the meeting, however; is that
8 correct?

9 A It might have been just after the meeting or
10 later. I believe it was later, at some later date.

11 Q Did anyone at the meeting comment on this
12 exchange, Lieutenant Colonel North's remark and your
13 rejoinder?

14 A What are you specifically referring to?

15 Q I'm simply trying to determine whether this
16 exchange generated any further comment or whether it
17 occurred in an isolated context where North makes a
18 remark, you answer, and then it's on to other things. In
19 other words, did it become a matter for discussion?

20 A It did not become a matter for discussion.
21 That seemed to be something that people were either
22 unaware of or were not willing to make a great deal of
23 comment on. There was some silence after my remark about
24 the Iranian editorial, and I believe we moved on to other
25 subjects, to the best of my recollection.

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1 Q Now did you understand while you were at this
2 meeting that you were a candidate for membership in the
3 CIA Hostage Location Task Force?

4 A Prior to my arrival at the meeting, no. Once
5 I was there I was volunteered as a representative.

6 Q You were volunteered by whom?

7 A I believe Colonel North or Mr. Allen made some
8 remark that he would accept me as his team leader or
9 chief of staff, organizer, et cetera.

10 Q Did you know Mr. Allen before this meeting?

11 A No, sir. I had heard his name, but I had not
12 met him.

13 Q Did you have any idea how it was that you
14 suddenly came into this position?

15 A Mentioning my background as having worked upon
16 investigating the hostages since June, I gave him a brief
17 summary of my background in terms of that, and I believe
18 that Mr. Allen or Colonel North -- I'm not sure who --
19 made the remark, well, you're my man or you're the guy
20 I've been looking for, or words to that effect.

21 Q Did this meeting on the 23rd, then, include a
22 discussion of the broad range of options that might be
23 used in hostage location and rescue efforts?

24 A Yes. I think I made mention of the fact --
25 and perhaps Colonel North reiterated -- that one of the

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36

1 things that should be done is to look at a broader range
 2 of options [REDACTED]
 3 [REDACTED] the full range of options that could be
 4 available to free these hostages. I believe Colonel
 5 North made mention of the fact that he was asked on a
 6 regular basis was there anything new on the hostages, and
 7 he felt this way that a fuller range of options should be
 8 stated.

9 Q Did he tell you where these questions were
 10 coming from?

11 A At one time, I believe in the March or April
 12 time frame, he sent a PROF note or a computer note to Mr.
 13 Allen that said the President of the United States
 14 regularly asks me, three times a week, about the status
 15 of the hostages. Is there anything new? But Colonel
 16 North seemed to exaggerate his relationship as well.

17 Q With the President?

18 A Yes.

19 Q Was that a PROF note that you saw at the time?

20 A I'm not sure if it was a PROFs note or there
 21 was a [REDACTED] message. I'm not sure what the name --
 22 it's a counterterrorism linkup between DOD, CIA, I
 23 believe State, and us. It might be called [REDACTED] I
 24 forget the exact title of it.

25 Q That was an interagency emergency

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1 communication network?

2 A It is a functioning network. It's not an
3 emergency network. It is a computer link, a secure
4 computer link, and I believe he sent it to Mr. Allen, who
5 showed me a copy.

6 Q I gather it doesn't generate hard copy, does
7 it?

8 A Yes, it generates a paper copy.

9 Q I gather, then, it was your recollection that
10 this particular communication that you saw referring to
11 the President's constant inquiry was one that you saw at
12 the time; is that right?

13 A Yes, sir -- "at the time being approximately,
14 I believe, March.

15 Q March of 1986?

16 A Yes, sir.

17 Q Now, Major, I gather that during this meeting
18 you learned for the first time that you might have a role
19 in this Hostage Location Task Force of the CIA?

20 A Yes, sir.

21 Q And what did you do following the conclusion
22 of the meeting, armed with this knowledge that you might
23 have a brand-new assignment?

24 A I believe I went back to the Pentagon and
25 discussed it with my section chief, and I believe made

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1 mention of it to the Executive Assistant to Lieutenant
2 General Moellering, Colonel Stamey at the time, and the
3 attitude was, well, if Colonel North wants you, Colonel
4 North gets you. It did not seem to me to be a choice in
5 which I had much say.

6 Q So when did you effectively join the CIA
7 Hostage Location Task Force?

8 A I believe the first day I reported was the
9 27th of December. It was right after Christmas. I asked
10 Mr. Allen if I could take Christmas Eve off, and he
11 somewhat hesitantly agreed, I believe.

12 Q But he did agree?

13 A Yes, sir.

14 Q Now when you arrived at your new position I
15 gather you were physically located at CIA headquarters at
16 Langley, Virginia; is that correct?

17 A Yes, sir.

18 Q Where did you go to report for work?

19 A I initially worked out of Mr. Allen's office,
20 the NIO for Counterterrorism.

21 Q When you say NIO, that's National Intelligence
22 Officer?

23 A Yes, sir.

24 Q That office is located

25 the CIA headquarter building; is that correct?

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1 A Correct.


2 Q Was the office prepared to receive you
3 physically?

4 A No.

5 Q Was there a period of time when you sought out
6 such fundamentals as secretaries and phones and desk and
7 so forth?

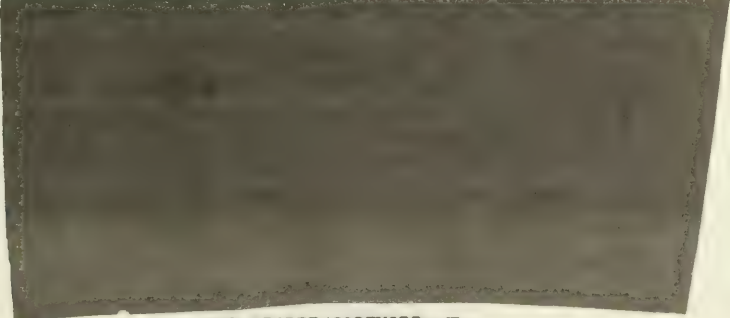
8 A And an office, yes, and safes and a secure
9 area, yes.

10 Q Where did you ultimately end up?

11 A I believe in the end of January-February time
12 frame we occupied the spaces  the
13 old spaces of the Office of General Counsel, who had
14 recently departed to a new building.

15 Q And that is where you finally resided; is that
16 correct?

17 A Yes, sir.

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Q Do you recall who the DEA point of contact
was?

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1 A That leads into a discussion of DEA's role,
2 which we will get into shortly, I'm sure, in terms of the
3 meeting with the two DEA agents.

4 Q Let me ask you, however, just to isolate on
5 this particular portion of your experience, if you can
6 recall who the DEA contact was. If that is several
7 identities, then we can reserve it for later.

8 A To the best of my recollection, while we had a
9 formal relationship with Mr. Azzam --

10 Q That is Abraham Azzam?

11 A Abraham Azzam, I believe at Colonel North's
12 direction we were told that there were two DEA agents
13 that would be most useful to our efforts and we were to
14 use them as points of contact for this special effort.
15 So while we had a formal relationship with Mr. Azzam and
16 he may have in fact been a member, there were two other
17 DEA agents who we were specifically told to contact.

18 Q In regards to a particular initiative?

19 A In regards to the sensitive initiatives in
20 regards to the hostages in terms of intelligence, that
21 these had been specially designated by Mr. North, Colonel
22 North, to be points of contact for special initiatives or
23 special projects.

24 Q And was that any special project relating to
25 hostages?

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1 A Yes. The impression I had was that Mr. Azzam
2 was out of the knowledgeable realm in terms of the
3 special projects. I believe I was told that he was not
4 to know or was not cleared, or words to that effect.

5 Q I gather also from what you're saying that in
6 addition to him not being cleared and not being a point
7 of contact for DEA that these other two agents were
8 considered to be the contact for DEA.

9 A While Mr. Azzam, Abraham Azzam, was our
10 official contact or conduit to DEA for formal requests
11 and whatnot, we were directed by Colonel North to get
12 together with these two DEA agents and to do that fairly
13 quickly. And I believe we met with them at the end of
14 December.

15 Q Right. And we will get into that in a minute.
16 But what I'm trying to focus on here is whether Colonel
17 North represented that contact with these agents would
18 stand in lieu of contact with Mr. Azzam for purposes of
19 DEA's representation on the Hostage Location Task Force
20 ~~of CIA~~.

21 A No. It was not to be construed that they
22 would represent DEA in a formal sense, simply that they
23 were very useful contacts for sources, intelligence, and
24 special projects. They had been specially designated by
25 Colonel North to get with them and find out what they

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1 knew and use them as resources or special resources from
2 DEA.

3 Q I gather that other than Mr. Azzam and these
4 two other DEA agents that there were no other DEA
5 representatives who were brought into the Hostage
6 Location Task Force of CIA.

7 A No, not that I can remember.

8 Q So I gather that to a certain extent failing
9 to advise Mr. Azzam was in effect failing to advise DEA
10 as an entity; is that correct?

11 A I believe Colonel North stated -- in fact, he
12 had made arrangements with the Department of Justice to
13 have these two individuals specially designated as
14 special resources. I believe he made mention of that or
15 Mr. Allen made mention of that to me sometime in January.
16 I tended to disbelieve that they had been designated in a
17 formal sense because they seemed to have their own
18 regular jobs and did not seem to be tasked to work on a
19 special project.

20 Q What I'm really driving at here is these two
21 agents could be seen in one of two capacities. They
22 could be seen as support for the Hostage Location Task
23 Force or they could be seen as simple representatives
24 bringing information back from the Hostage Location Task
25 Force to DEA.

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1 A I don't see the distinction.

2 Q Well, let me draw the distinction and see if
3 this helps you. If they are support for DEA, then they
4 may be operationally involved. They may go and do things
5 for the Hostage Location Task Force, whereas in another,
6 if they are simply representatives, then they would be
7 taking information either to or from DEA to the Hostage
8 Location Task Force but would not necessarily be
9 otherwise a resource for the Hostage Location Task Force.

10 A They were not so much a resource or a point of
11 contact or in a support mode for the Hostage Location
12 Task Force as they were a special resource for an arm of
13 Colonel North's. He used them and he dealt with them and
14 we were encouraged to get in contact with them to glean
15 additional intelligence from them that he felt was
16 useful.

17 Q Did you understand from Colonel North that
18 part of their duty was to keep DEA fully informed of the
19 efforts of the Hostage Location Task Force?

20 A No.

21 Q Now let me return just a moment to Mr. Azzam.
22 You testified earlier that you were made aware that Mr.
23 Azzam was not to be informed on many things because he
24 had not been cleared; is that correct?

25 A No. He was cleared for the compartmented

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46

information and referenced some of the reports. However, I was, I believe, advised by Mr. Allen and Colonel North that in terms of [REDACTED] and [REDACTED] -- who I will refer to as the two DEA agents -- I was not to discuss their role with Mr. Azzam, Abe Azzam.

MR. GENZMAN: Did either of them say why you were not to have much contact with Mr. Azzam?

THE WITNESS: Those two DEA agents were under the impression that Mr. Azzam had been once a very active field agent but was now very much in a slow retirement type of mode, and it was not entirely suitable for this action-oriented role.

BY MR. WOODCOCK: (Resuming)

Q Now the two agents who you've now referred to by name as [REDACTED] and [REDACTED] is that [REDACTED] and [REDACTED]

A Yes, sir.

Q Your testimony today, to the extent it has referred to the two DEA agents as a tandem is a reference to [REDACTED] and [REDACTED] is that correct?

A Yes, sir.

MR. WOODCOCK: Let's go off the record a second.

(A discussion was held off the record.)

(A brief recess was taken.)

TOP SECRET/COBDEBOL

UNCLASSIFIED

UNCLASSIFIED

47

1 MR. WOODCOCK: Let's go back on the record.

2 MR. GENZMAN: Did you find it unusual that it
3 was your understanding that [REDACTED] and [REDACTED] were not
4 reporting up the chain to Azzam?

5 THE WITNESS: Somewhat, yes. Once I met the
6 individuals I perhaps understood a little bit better why
7 they were not reporting through Mr. Azzam.

8 MR. GENZMAN: And what was your understanding
9 at that point?

10 THE WITNESS: That they were special field
11 agents detailed by Colonel North to work, to assist him
12 in this problem, that they had been of assistance to him
13 in the past.

14 MR. GENZMAN: Thank you.

15 BY MR. WOODCOCK: (Resuming)

16 Q We're going to return to [REDACTED]
17 [REDACTED] before the day closes, Major [REDACTED] but let
18 me ask you, if I might, if you could describe, after
19 coming to the CIA Hostage Location Task Force, what the
20 responsibility of the Hostage Location Task Force was.
21 What was its function?

22 A The function of the task force was to analyze
23 intelligence of the location of the U.S. hostages. [REDACTED]
24 [REDACTED]
25 [REDACTED]

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48

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10 Q Now the dissemination of analysis of the
11 information relating to the hostages, how frequently did
12 that occur? Let me first say did your analysis result in
13 a final product that you then disseminated?

14 A Yes, sir.

15 Q What form did that take?

16 A It was a report which was written once a week,
17 generally on a Friday, and I believe the first one
18 started on January 3.

19 Q So at the end of the first week you were
20 there; is that right?

21 A Yes, sir.

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UNCLASSIFIED

UNCLASSIFIED

DIA Major
Pages 49 through 51
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TOP SECRET/CODEWORD

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15 Q Now, you mentioned that Colonel North spoke to
16 you at times about the State Department. Did you ever
17 learn from Colonel North that he was concerned about
18 sharing hostage information with the State Department?

19 A Yes, sir.

20 Q Did he express to you what it was that he was
21 concerned about?

22 A At one point I had mentioned to Mr. Allen that
23 I had been in contact with an individual at the State
24 Department
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TOP SECRET/CODEWORD

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TOP SECRET CONFIDENTIAL

53

1 Q That was [REDACTED] is that correct?

2 A Yes, sir. And I was specifically directed,
3 during that telephone call on a secure line with Colonel
4 North, that I was not to discuss anything [REDACTED]
5 of any nature that was operational in any way, shape or
6 form, and I assured Colonel North that I had not shared
7 any intelligence with him but was simply maintaining
8 contact [REDACTED]

9 Q Let me back over this territory. I gather
10 that your contact [REDACTED] was first made known to
11 Mr. Allen and that you then received a phone call from
12 Colonel North; is that correct?

13 A I'm not sure it was Colonel North calling me
14 or I called him to brief him on another subject, and he
15 reminded me of the security caution at that time. But I
16 do remember a phone call where he warned me to
17 specifically be very careful.

18 Q Did he learn of your contact [REDACTED]
19 through you or through Mr. Allen?

20 A I believe it was through Mr. Allen.

21 Q Did Mr. Allen ever join in Colonel North's
22 concern about the State Department on operational
23 matters?

24 A Yes, sir. I was told to be very careful in my
25 dealings with the State Department and don't discuss many

UNCLASSIFIED
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54

1 of these subjects that we discussed regularly

2 [REDACTED]
3 Q [REDACTED] or anyone else in the State
4 Department? Was it the State Department or [REDACTED] that
5 was the problem?

6 A This specific instance was [REDACTED]
7 [REDACTED] but at another
8 time Colonel North made comments about the State
9 Department not being involved operationally, or words to
10 that effect.

11 Q That he did not want the State Department
12 involved operationally?

13 A Yes, sir.

14 Q Now, did that more general statement about not
15 wanting the State Department involved operationally also
16 come from Mr. Allen, or is this just Colonel North?

17 A It was my impression that Mr. Allen
18 reemphasized this to me, that it was based upon Colonel
19 North's concern.

20 Q So it was not a position that Mr. Allen
21 necessarily generated himself, but he was enforcing the
22 view of Colonel North; is that correct?

23 A Yes, sir.

24 Q Do you recall shortly after your location with
25 the Hostage Location Task Force at CIA Mr. Allen briefing

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1 you on the arms-for-hostages initiative?

2 A Yes, sir.

3 Q How did that come about?

4 A He told me that it was very sensitive
5 information and I was not to discuss it with anybody at
6 the Pentagon.

7 Q Let me stop you here. Did he know that you
8 already were aware of this, or was this simply in the
9 context of Mr. North's earlier remark at the formative
10 meeting of the Hostage Location Task Force?

11 A He mentioned that Colonel North often talked
12 out of school, I believe was the comment, and that he
13 specifically then mentioned that any discussion of arms
14 for hostages was to be treated as a very, very sensitive
15 matter -- very close hold was the phrase he used -- and
16 that I was not to discuss it with anyone without his
17 permission. And that was to include anybody at the
18 Pentagon or anyone within CIA.

19 Q Now, when he said that Colonel North spoke out
20 of school, I gather he was referring to the earlier
21 remark on December 23; is that correct?

22 A Yes, sir.

23 Q Now, did he also at this time advise you that
24 there were in fact arms-for-hostages initiatives, one or
25 more, under way?

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UNCLASSIFIED
TOP SECRET CONTROLS

56

1 A No, sir.

2 Q Or just that the topic was a topic to be
3 treated with great sensitivity?

4 A He noted that the topic was a topic to be
5 treated with great sensitivity.

6 Q Did you, while you were with the Hostage
7 Location Task Force, become aware of what might I guess
8 be termed a sub-compartment within the Hostage Location
9 Task Force [REDACTED]

10 A Yes, sir.

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

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TOP SECRET CONTROLS

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Q Now in that position I gather you did come across [REDACTED] information. How did that happen?

A I was informed by Mr. Allen that there was a separate channel [REDACTED]

[REDACTED] which was sensitive, and while initially I had some knowledge of it, it was to be sub-compartmented [REDACTED]

Q Was the term [REDACTED] used at that time?

A Yes, sir.

Q Did you, throughout the course of your tenure with the Hostage Location Task Force with CIA, gain any more substantive knowledge of what [REDACTED] comprised?

A I learned that it was a back channel initiative. [REDACTED]

[REDACTED] And I learned through my tenure up till about March, the March-April time frame, that it apparently involved arms-for-hostages.

Q Do you recall [REDACTED] who was primarily working with Mr. Allen on this channel?

UNCLASSIFIED

UNCLASSIFIED

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1 A There was a Mr. Cave, I believe, who was also
2 working with Mr. Allen.

3 Q And Mr. Cave appeared approximately March,
4 early March, of '86?

5 A Approximately that time.

6 Q Now you and [REDACTED] were nearly seat-
7 mates; is that correct?

8 A Yes, sir.

9 Q And I gather you would have picked up some
10 information, perhaps even through inadvertence, from [REDACTED]
11 [REDACTED] just by being so close to him; is that correct?

12 A Yes, sir.

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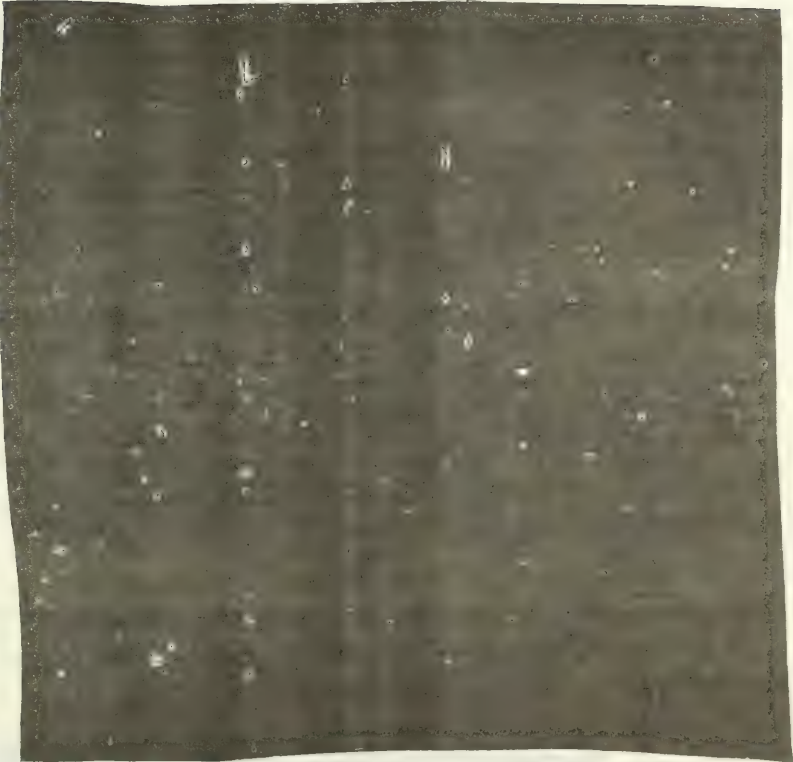
① Pages 59 and 60

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20 MR. WOODCOCK: Let me go off the record just a

21 second.

22 (A discussion was held off the record.)

23 MR. WOODCOCK: Back on the record.

24 BY MR. WOODCOCK: (Resuming)

25 Q Do you recall in either the end of February or

UNCLASSIFIED

UNCLASSIFIED

62

1 early March having a conversation with [REDACTED]
2 about there being an arms-for-hostages deal under way?

3 A I mentioned in my study of the options -- I
4 was working on an options paper, and I mentioned one of
5 the things that had been discussed or had taken place in
6 the past was the arms-for-hostage, and I mentioned some
7 disgust at it, and [REDACTED] agreed that it was bad
8 business and mentioned that, very secretively, that it
9 was not apparently a dead issue, and by that I assumed
10 that he meant that there were still some efforts under
11 way in that regard.

12 Q In other words, you inferred from his
13 statement that it not being dead necessarily implied it
14 was alive?

15 A Yes, sir.

16 Q Do you recall, again perhaps in the February
17 time frame, traveling yourself to London to meet with an
18 individual by the name of Amiran Nir?

19 A Yes, sir.

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

UNCLASSIFIED

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① Pages 63 and 64

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65

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 Q Now was I right when I asked you originally
6 whether this request occurred in the February time frame?
7 What is your recollection of the appropriate time?

8 A I believe it was the February-March time
9 frame. It was early spring. It was damp and rainy.

10 Q Now I gather having worked on these [REDACTED]
11 -- and I gather that was at Mr. Allen's request; is that
12 right?

13 A Yes, sir, and at Colonel North's request.

14 Q You were aware that Colonel North made the
15 request, or did you face to face or over the phone get a
16 request from him on that?

17 A I spoke to Fawn Hall and got specific
18 directions from her as to how I was to meet and greet Mr.
19 Nir and therefore I knew that it was in fact being
20 directed from Colonel North's office.

21 Q And I gather you understood that Mr. Nir was a
22 representative of the Israeli government; is that
23 correct?

24 A Yes, sir. He was the special advisor to the
25 President on counterterrorism.

UNCLASSIFIED

UNCLASSIFIED

66

1 Q Now did you learn that from Mr. Allen or Miss
2 Hall or Colonel North, or all three?

3 A From Mr. Allen.

4 Q Now, I gather that you then did travel to, was
5 it, London, England to meet Mr. Nir?

6 A Yes, sir.

7 Q When you arrived there you did in fact meet
8 him; is that correct?

9 A Yes, sir.

10 Q And he had a codeword greeting; is that
11 correct?

12 A Yes, sir. I believe the phrase was I was to
13 say to him words to the effect, I'm the man from Mr.
14 Goode, and apparently Mr. Goode was Colonel North's
15 phrase name or code name, and he had some appropriate
16 reply, and then we recognized each other. I was also
17 provided a description of Mr. Nir by Mr. Allen, and I
18 believe Colonel North did describe him over the phone to
19 me later or earlier when I got the call from Fawn Hall.
20 He described him and I remembered the descriptions were
21 much different.

22 So I was somewhat confused.

23 Q Did you manage to synthesize them when you saw
24 him?

25 A Yes, sir.

UNCLASSIFIED

UNCLASSIFIED

67

1 Q When you met Mr. Nir did you have any
2 discussion with him other than passing of these
3 codewords?

4 A We passed -- we had our conversation and I
5 gave him [REDACTED] and I was -- tried to make sure
6 that I was in fact talking to the right individual, and I
7 mentioned the name of the Israeli attache to the United
8 States, assistant military attache, Zur I believe his
9 name is, and I said something -- should I get in contact
10 with the assistant military attache, and he sort of put
11 his hands up and said no, that is not an appropriate way
12 to make contact, or words to that effect.

13 Q What was that?

14 A It was not an appropriate way to make contact,
15 [REDACTED] reference any of these
16 efforts. In other words, the military chain was, or
17 contact with the Embassy was not the correct procedure,
18 that if Mr. Allen needed to get ahold of him he was to
19 get ahold of him. If I was to get ahold of Mr. Nir it
20 would be through Mr. Allen and not through Colonel Zur in
21 any way, shape or form, which confirmed for me that he
22 was familiar with the Israeli Embassy and in fact he was
23 an Israeli and the guy I was supposed to meet.

24 Q Did you have any other conversation with him?

25 A Specifically regarding what, sir?

UNCLASSIFIED

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68

1 Q Well, I'm asking for your best recollection.
2 Did you talk to him about Colonel North or Mr. Allen or
3 your responsibilities?

4 A Yes, sir. He asked me where I was from, I
5 believe was the expression, and I said well, I worked for
6 -- I was presently working for Mr. Allen, and he said are
7 you from Ollie's office or how are you involved? And I
8 simply said that I was military attached to Mr. Allen,
9 associated with Colonel North. And he said, oh, or words
10 to that effect. He was trying to pin me down to type me
11 by whether I was part of the White House, CIA, Defense
12 Intelligence Agency, Army, or what I was.

13 Q It would have taken a fair amount of peeling
14 of the onion layers to get to the heart of that one,
15 wouldn't it?

16 A Yes, sir.

17 Q To your knowledge, did he get to the heart of
18 the onion by talking to you?

19 A No, sir. I just simply indicated that I was
20 military and that I was working for Colonel North and
21 that that was really all he needed to know. If he needed
22 to get hold of me, it would be through Colonel North or
23 through Mr. Allen, but that I was specifically working
24 under Mr. Allen at that time.

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UNCLASSIFIED

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Q And I gather at that time [redacted] made known
to you that he had participated in the same kind of an
exercise several months earlier; is that correct?

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TOP SECRET CODEWORD

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70

1 A Yes, sir, which apparently involved the DEA
2 agents.

3 Q And when you say that, that is [REDACTED] and
4 [REDACTED] is that right?

5 A Yes, sir.

6 Q Did you learn at that time from [REDACTED] that
7 it was in fact [REDACTED] and [REDACTED] in his earlier effort?
8 Did he identify them by name?

9 A I think he referred to them as "those bimbos
10 from DEA".

11 Q When he referred to them in that way, what
12 image came to your mind? Was it the image of [REDACTED] and
13 [REDACTED]

14 A Yes, sir.

15 Q You had in fact met them by then?

16 A Yes, sir. I met them at the end of December
17 at the direction of Mr. Allen, or with Mr. Allen at the
18 direction of Colonel North. We all met.

19 Q Well, this is probably a good time to get into
20 [REDACTED] and [REDACTED] and your knowledge of their
21 efforts. I gather that, from what you have said, you
22 first met [REDACTED] and [REDACTED] in late December or
23 early January of 1985-1986; is that correct?

24 A Yes, sir.

25 Q How did it come that you met them?

TOP SECRET CODEWORD

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UNCLASSIFIED

SECRET/NOFORN

71

1 A Colonel North was insistent that we get
2 together and meet with them.

3 Q And when you say "we", who are "we"?

4 A That Colonel North, Mr. Allen and I sit down
5 in a meeting with [REDACTED] and [REDACTED] all at
6 the same time, to discuss hostages.

7 Q And why was Colonel North so insistent that
8 you sit down with these two men?

9 A Because he felt that these two individuals had
10 resources and sources in the area which could be useful.

11 Q Now, was this something he told you or you
12 learned this from someone else?

13 A This was something that he told us -- that
14 they had been very useful to him in the past and they had
15 some information which could be useful and some sources
16 which could be useful.

17 Q So did there come a point where you met [REDACTED]
18 and [REDACTED]

19 A Yes, sir. We met, strangely enough, at the
20 Old Irish Brogue Inn, or the Old Irish Pub, a bar which
21 featured an Irish band, after work one night, about 7:30
22 or 8:00.

23 Q Now do you have a recollection as to where
24 that was?

25 A Apparently it was a meeting place that Colonel

UNCLASSIFIED

SECRET/NOFORN

UNCLASSIFIED
TOP SECRET//COMINT

72

1 North had used before and Mr. Allen was familiar with its
 2 location. I followed him in his car. It was away from
 3 Langley and way out in the woods. It seemed to me about
 4 a 15 or 20-minute drive.

5 Q Beyond Langley?

6 A Yes, sir.

7 Q You don't remember what town it's in?

8 A No, sir.

9 (A discussion was held off the record.)

10 BY MR. WOODCOCK: (Resuming)

11 Q I will just summarize for the record. We went
 12 off the record briefly two, I won't say, self-described
 13 pub-crawlers have identified the gathering place as the
 14 Old Brogue Irish Inn or Irish Pub or some variation
 15 thereof, and it is in Great Falls.

16 Now when you say we went to this inn, that is
 17 you and Charles Allen; is that correct?

18 A Yes, sir. I followed Mr. Allen in his car.

19 Q When you arrived, this was after work, I
 20 gather, in the early evening hours; is that correct?

21 A Yes, sir.

22 Q When you arrived was Colonel North there?

23 A No, sir.

24 Q And I gather neither of you had met these men
 25 before; is that correct?

UNCLASSIFIED
TOP SECRET//COMINT

UNCLASSIFIED

73

1 A To the best of my recollection, yes, sir.

2 Q So how was it that you determined who they
3 were?

4 A It was, I believe, early evening, and the bar
5 was -- the pub was fairly empty. We were to meet in the
6 bar and Mr. Allen made mention of the fact that he had
7 met them before, I believe. There were only two other
8 individuals already at a table in suits, sitting there,
9 so they were fairly easy to distinguish, and I think we
10 walked up and asked them if they were [redacted] and [redacted] and
11 they said yes.

12 And we introduced ourselves.

13 Q Now what was your impression upon meeting
14 these two fellows?

15 A That they were -- I can only describe them as
16 street agents. By that I mean they seemed to be street-
17 smart but were not very knowledgeable of other Federal
18 agencies nor outside of their own, nor knowledgeable,
19 certainly, in any way, shape or form, about the Middle
20 East or international relations or politics or the
21 military. But they did have a fairly good grasp of the
22 lower elements of human nature.

23 Q Would you acknowledge that you might have
24 described these people at one point as being two street
25 toughs in camel hair coats?

UNCLASSIFIED

UNCLASSIFIED

74

1 A Yes, sir.

2 Q Now, when you met these two men did you know--
3 let me strike that. After you met these two people, how
4 long did it take North to arrive?

5 A I believe he arrived about an hour after the
6 prescribed meeting time, which was about normal for him.

7 Q North time?

8 A Yes, sir.

9 Q Were you and Mr. Allen able to engage in any
10 substantive discussions with these people before he
11 arrived?

12 A I was very hesitant to engage in substantive
13 discussions with them because of the sensitiveness and
14 this being an uncleared area, and I think we talked in
15 generalities about the Middle East, and I tried to feel
16 out and get a sense of their backgrounds. And I think I
17 took that time to eat dinner, since we came straight from
18 work.

19 Q Now when North arrived, what happened?

20 A We ordered a round of drinks and a second
21 round of drinks, I believe, and very in-depth substantive
22 discussion about very sensitive material was held,
23 describing to [REDACTED] and [REDACTED]
24 [REDACTED] very much close-hold Top
25 Secret information that the CIA and the White House were

UNCLASSIFIED

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75

1 aware of regarding the hostages.

2 Q Now, did this appear to be new information to
3 them?

4 A They appeared to be familiar with portions of
5 it and they made reference to some of the efforts they
6 had made with CIA previously.

7 Q Now, this conversation, I gather, Mr. Allen
8 and Lieutenant Colonel North were also participating in
9 it; isn't that correct?

10 A Mr. Allen and Colonel North were the primary
11 discussers. They put out the information. I was in a
12 learn and listen mode from them. I didn't normally
13 discuss Top Secret/Sensitive information in a pub.

14 Q Well, let me ask you that question. Did your
15 discussion of such a topic in the pub environment cause
16 you any concern?

17 A Yes, sir.

18 Q And what was the source of that concern?

19 A It seemed a little unusual to be holding a
20 meeting like this outside of a government building. If
21 there was a proper place and time for such a meeting, it
22 should be held in a proper environment, and this was sort
23 of a new atmosphere to me. But it didn't feel right.

24 Q There came a point, I gather, in the course of
25 this conversation when a band struck up and the

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET//NOFORN

76

1 conversation had to attain higher decibels in order to
2 continue; is that correct?

3 A Yes, sir. We were sitting fairly close to an
4 Irish type of band and it was -- if you were to try to
5 effectively mask a conversation it was probably very
6 effective. I don't think anybody could have heard us
7 four or five feet away. Leaning over the table, it was
8 very difficult to hear the conversation that was taking
9 place right there.

10 Q So even among yourselves it was hard to hear
11 one another; is that correct?

12 A Yes, sir, sometimes.

13 Q I can see where that might be a very effective
14 screen.

15 A I became less concerned then, but I still was
16 concerned.

17 Q Now I gather that the information that was
18 being provided in this discussion was largely flowing
19 from Mr. Allen and Colonel North and, to some extent, you
20 to [redacted] and [redacted] and not the other way
21 around; is that right?

22 A Primarily from Mr. Allen, with Colonel North
23 adding additional pieces and background, and I would
24 occasionally join in and say yes, but, and clarify a
25 point. [redacted] and [redacted] were interject

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TOP SECRET//NOFORN

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77

1 occasionally that they had specific knowledge or a source
2 had told him that such and such, [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]

6 Some of the information seemed rather, shall
7 we say, odd.

8 Q And you would include the [REDACTED] story among
9 that genre; is that correct?

10 A Yes, sir.

11 Q Was there any other information that they
12 provided that you can recall along those lines that might
13 have found its way into [REDACTED] had it appeared
14 in paper form?

15 A They indicated that they had some sources [REDACTED]
16 [REDACTED] had access to various and sundry portions
17 of Lebanon in terms of their drug dealings, their drug
18 dealings being their professional DEA Agency dealings
19 with people in the Middle East. They particularly
20 mentioned people who, [REDACTED] had access to some
21 of this information, which I felt would be very unusual.

22 Q [REDACTED] would have access to the
23 information; is that right?

24 A Yes, sir, [REDACTED]
25 [REDACTED]

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TOP SECRET CODEWORD

UNCLASSIFIED

TOP SECRET/COMINT

78

1 Q Do you recall any discussion at the Old Brogue
2 from [REDACTED] and [REDACTED] about their low opinion or
3 difficulties with the CIA desk officer?

4 A Yes, sir.

5 Q Do you recall what the character of their
6 problem with this officer was?

7 A Yes. They had apparently taken a trip -- I
8 believe it was to Europe -- earlier to meet with a [REDACTED]
9 [REDACTED] to attempt to verify access to a hostage, Mr.
10 Buckley, through some mode of bona fides.

11 Q What had [REDACTED] done that caused them so
12 much concern?

13 A They said that he changed the rules in the
14 middle of the game.

15 Q And the rules were the rules that applied to
16 the sufficiency of the proof to demonstrate access to Mr.
17 Buckley; is that right?

18 A Yes, sir. I believe that what [REDACTED] and
19 [REDACTED] came back with [REDACTED]
20 on it, and once that was provided to [REDACTED] he went
21 back and said, well, now I have a list of questions for
22 you to go back to your source, and [REDACTED] and [REDACTED]
23 indicated that that was not possible or that the source
24 was unavailable, that there were difficulties.

25 Q Did they tell them that or did they tell you

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79

1 that [REDACTED] questioned the sufficiency of the quality
2 of the proof?

3 A Yes, sir. I think they said they were
4 insulted by that. [REDACTED] I think, mentioned to me
5 later on that [REDACTED]
6 [REDACTED] something was
7 incorrect about the proof that was provided.

8 Q Did they impart that information to you at
9 this meeting?

10 A They indicated that he was in some way
11 displeased with them and they indicated that they were
12 displeased and had no intentions for future dealings with
13 him or with the Directorate of Operations at CIA.

14 Q The entire Directorate was off their do list?

15 A As far as I was concerned from my
16 conversation, yes. "These guys" was, I think, the way
17 they put it.

18 Q "These guys" being the DO?

19 A Yes, "these guys from the DO".

20 Q At least the way you say it, it is
21 alliterative.

22 (Laughter.)
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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Pages 80 through 84

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85

1 Q Now did there come a time when you traveled to
2 New York to evaluate a source that had been uncovered by

3 [REDACTED] and [REDACTED]

4 A Yes, sir, two sources.

5 Q Now let me show you what I will mark as

6 [REDACTED] Exhibit Number 1.

7 (The document referred to was
8 marked [REDACTED] Exhibit
9 Number 1 for identification.)

10 I would ask you if you recognize this
11 document, which I believe comprises four pages.

12 A Yes, sir, I do.

13 Q What is that?

14 A It is a memorandum for the record that I wrote
15 on the 15th of January based upon meetings in New York on
16 13 and 14 January with two DEA sources. I wrote this
17 memorandum because I was unsure of my role and I needed
18 to have a written record of it.

19 Q We will get to that point in just a moment.
20 How did it happen that you came to go to New York in the
21 first place?

22 A Mr. North and Mr. Allen told me to go to New
23 York.

24 Q And do you recall having separate
25 conversations with each man with respect to this

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86

1 directive?

2 A I believe at the Old Brogue we agreed or, I
3 should say, they agreed that I should go with [REDACTED]
4 and/or [REDACTED] to New York in the near future to meet
5 with their very good sources that they had on the
6 hostages.

7 Q Now when you say at the Old Brogue Inn, it was
8 only one point at which you all gathered the Old Brogue
9 Inn; is that correct?

10 A Yes, sir.

11 Q So when you refer to that, it is always that
12 meeting; is that correct?

13 A Yes, sir.

14 Q So at that time it was understood or at least
15 the subject was raised of you going to New York?

16 A Yes, sir.

17 Q Now following that did you question these
18 directives at all?

19 A Yes, sir.

20 Q How did you do that?

21 A I indicated to Mr. Allen that I was not an
22 operations individual. I was an intelligence analyst.

23 Q And you were at the Old Brogue at this point?

24 A No, sir. We were back at the CIA.

25 Q So this was a day or so later?

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87

1 A This was between the time we met at the Brogue
2 and the time I departed for New York, and I expressed my
3 doubts as to whether that was a suitable role for an
4 intelligence analyst to be in.

5 Q What was his reaction to that?

6 A Go anyway.

7 Q Did you raise the matter with anyone else?

8 A I asked him to raise it with Colonel North,
9 but he indicated that the discussion was closed and that
10 I would be going.

11 Q Did you discuss it with anyone other than Mr.
12 Allen?

13 A Yes, sir. I discussed it with [REDACTED] I
14 believe, and later with [REDACTED]

15 [REDACTED]
16 [REDACTED]
17 and indicated that while I had knowledge and background
18 in the Middle East this was an area that was new to me
19 and I was on unsure ground. I didn't feel it was proper.

20 Q What did [REDACTED] tell you
21 to do?

22 A They indicated that they felt I had a
23 sufficient knowledge of the subject matter and that it
24 was basically I needed to be very specific when I came
25 back in terms of my feelings of whether I felt these guys

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58

1 were reliable sources, based upon my knowledge of the
2 Middle East and based upon my knowledge of the subject at
3 hand, which was hostages.

4 And they provided me with some field pointers
5 on how to go about the establishing of a relationship, et
6 cetera.

7 Q Did you question Mr. Allen at all as to why
8 someone from the Directorate of Operations wasn't sent up
9 to perform this evaluation?

10 A Yes, and he indicated that [REDACTED] and [REDACTED]
11 [REDACTED] had indicated in a previous conversation at the Old
12 Brogue Inn that they didn't trust anybody from the DO,
13 which I remembered as being the case.

14 Q Now when you went to New York, what happened?

15 A I met with two different sources, as indicated
16 by [REDACTED] Exhibit 1, and I spoke with them and
17 discussed with [REDACTED] and [REDACTED] their background
18 and their interest and any knowledge they might have of
19 the hostages.

20 Q Now these are sources that you evaluated. One
21 was [REDACTED] and the other was a
22 [REDACTED] is that correct?

23 A Yes, sir.

24 Q Did you form an opinion [REDACTED]
25 [REDACTED]

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89

1 [REDACTED]
2 A Yes, sir. In the report I indicate both
3 meetings, one on 13 and one on 14 January, were attended
4 by [REDACTED] and yielded little or no substantive
5 intelligence on the hostages.

6 Q Did you in fact develop the opinion that
7 perhaps this fellow was getting his intelligence from
8 reading the newspaper?

9 A Yes, sir. Well, I developed an opinion that
10 he had little knowledge of the acts, little substantive
11 knowledge or true access [REDACTED]

12 [REDACTED] I thought he was leading us on.

13 MR. GENZMAN: And who is the "he" that you are
14 referring to?

15 THE WITNESS: [REDACTED]
16 [REDACTED]
17 [REDACTED] I

18 felt his information was not very worthwhile.

19 BY MR. WOODCOCK: (Resuming)

20 Q Did you form any opinion as to whether or not
21 he was exaggerating his contacts?

22 A Yes, sir. I believe he did. I believe he had
23 friends who had friends who had friends who had friends
24 who might have some information on the hostages, but the
25 connection was very tenuous at best, and it would be

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90

1 difficult to arrange.

2 Q Now you also performed [REDACTED]

3 [REDACTED] is that right?

4 A Yes, sir.

5 Q And I think in summary your report is that he
6 was more promising [REDACTED] is
7 that correct?

8 A Yes, sir.

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24 Q Now when you went to this meeting did you go
25 as Major [REDACTED]

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91

1 A I was instructed by Mr. Allen and Mr. North to
2 go as an individual who had an interest in seeing the
3 hostages released.

4 Q Were you to play the role of a private
5 citizen?

6 A That is how I understood my role to be, yes,
7 sir.

8 Q And you then did not go dressed in uniform; is
9 that correct?

10 A No, sir. I was specifically directed by Mr.
11 Allen and Colonel North to let me hair grow long and not
12 show up in uniform at any time during my attendance at
13 the Hostage Location Task Force.

14 Q Now I gather it came to your attention at some
15 point during the course of this meeting that at least one
16 of the persons you were interviewing was aware that you
17 were associated with the armed forces; is that correct?

18 A Yes, sir. [REDACTED]

19 Q Which was not known to these people; is that
20 correct?

21 A No, sir, not at the first meeting. At the end
22 of the first meeting [REDACTED]

23 [REDACTED] referred to me [REDACTED] as Major [REDACTED] which
24 surprised me because I had not told him that I was a
25 Major and therefore I could only assume that [REDACTED]

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92

1 and [REDACTED] had told them that I was a Major in the
2 U.S. armed forces.

3 Q Had you spoken to [REDACTED] and [REDACTED]
4 about the guise you would use in meeting with these
5 individuals?

6 A Yes. I spoke to them about it before they
7 were there, and I believe Colonel North mentioned in fact
8 that I would go as, when you go, you will kind of go as a
9 private citizen, and I spoke with them before I left
10 about my role and how I was to represent myself, which I
11 thought I was a little uncomfortable with because I felt
12 it was a misrepresentation.

13 But, in any case, I discussed it with them,
14 and they said yeah, use a private citizen, or words to
15 that effect. And despite the fact that I discussed that
16 with them they apparently made the source aware.

17 Q Did you question them at all about the
18 source's knowledge that you were a Major?

19 A Yes. I mentioned it to them back in the hotel
20 after we left the initial meeting with the source and
21 they agreed that yeah, they might have screwed up and
22 might have mentioned I was a major. And I was somewhat
23 displeased with that fact, which immediately made them
24 aware that I was an employee of the U.S. Government and
25 not a private citizen, as Colonel North and Mr. Allen had

UNCLASSIFIED

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93

1 no present myself, and that they basically, as far as I
2 was concerned, blew my cover. And I was displeased with
3 this as well.

4 Q You in fact ended up giving some money to the
5 second source; is that correct?

6 A Yes, sir. [REDACTED] and [REDACTED] had
7 requested of Mr. Allen that \$100 be made available to the
8 second source, basically for his time and effort coming
9 into New York City to meet with us, and I was
10 specifically instructed to draw \$100 from some CIA fund,
11 which there was a receipt for, to give to the source for
12 compensation for his time in coming down.

13 Q Now let me ask you this with respect to
14 [REDACTED] Exhibit Number 1. Is there anything in that
15 report that is inaccurate or that should be changed?

16 A This is a little over a year and a half from
17 seeing this.

18 MS. HUGHES: Maybe you would want to take a
19 few minutes to read the entire report to refresh your
20 recollection.

21 THE WITNESS: I really don't think that is
22 necessary. I will quickly flip through it.

23 MR. WOODCOCK: Why don't we go off the record
24 while you take a look at it.

25 (Pause.)

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94

1 MR. WOODCOCK: Let's go back on the record.

2 BY MR. WOODCOCK: (Resuming)

3 Q Major [REDACTED] you have had an opportunity
4 now to read through [REDACTED] Exhibit Number 1. Is
5 there anything about it that you now in hindsight find to
6 be inaccurate or that you would like to correct?

7 A There is nothing specific that I see in there
8 that I know to be factually incorrect at this time that I
9 can remember.

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Q Now I gather that upon returning to
Washington, D. C., you wrote up this report and
distributed it to Mr. Allen, among others, is that

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93

1 correct?

2 A Yes, sir.

3 Q Did anyone else receive it?

4 A Yes, sir. Being in a position of an outsider
5 at CIA, I was a little uncomfortable with doing what I
6 expected was Directorate of Operations job and I
7 provided, I believe, a copy of this to the Directorate of
8 Operations, either [REDACTED] or [REDACTED] I believe
9 it was [REDACTED] and [REDACTED] read it, and I also
10 provided a copy to Duane Clarridge, Dewey Clarridge.

11 [REDACTED]
12 [REDACTED]
13 Q When you delivered the copy to [REDACTED] did
14 you discuss your experience with [REDACTED] and [REDACTED]
15 [REDACTED]

16 A Yes, sir. I believe that is when we held our
17 conversation about their lack of knowledge about the
18 Middle East and I believe I became aware at that time
19 that these were the same guys that he had dealt with, I
20 believe, in the previous summer and had not had good
21 results with.

22 Q This is the "two binbos" conversation?

23 A Yes, sir.

24 Q That would have been, I gather, shortly after
25 you returned from New York?

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96

1 A Yes, sir.

2 Q Now, did you also meet with the Director of
3 Central Intelligence shortly after your return?

4 A Yes, sir. I believe it was around the 20th of
5 January Mr. Allen requested that I go in with him and
6 brief the Director on the sources and their usefulness.

7 Q Was Mr. Allen of the opinion that these really
8 might be useful sources?

9 A Yes, sir. He wanted to explore the
10 possibilities.

11 Q What was the purpose of briefing Mr. Casey?

12 A To obtain funds, sir.

13 Q Now when you went to this briefing, who was
14 present?

15 A Mr. Allen and I and Mr. Casey.

16 Q How did the briefing proceed?

17 A Mr. Allen introduced me and said this is Major
18 [REDACTED] He's the team leader of my Hostage Location
19 Task Force, recently formed. As I previously briefed
20 you, Colonel North has an interest in expanding sources
21 on hostage intelligence gathering and material and he
22 spent some time with a couple of sources in New York and
23 he would like to tell you about them now.

24 And I very briefly summarized my contacts with
25 the individuals up there and I think Mr. Casey asked me

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97

1 if I thought they were worthwhile, and I indicated I
2 thought that one of them was worth pursuing. And I was
3 asked how much money do we need, and I think Mr. Allen
4 came up with a figure of \$25,000.

5 Q Did you get the impression or did you get any
6 understanding from Mr. Casey that he was familiar with
7 the DEA agents who were involved in this matter?

8 A No, sir. He made very few comments during the
9 meeting, to the best of my recollection.

10 Q Was it made plain to him that this was a DEA-
11 generated effort, at least initially?

12 A It was made plain to him that this was
13 something that Colonel North had an interest in and that
14 there were two DEA agents involved at Colonel North's
15 direction.

16 Q Do you recall either [REDACTED] or [REDACTED]
17 or both of them, referring to having received fast boats
18 from Colonel North?

19 A I do remember conversations held sometime
20 during my tenure at the Hostage Location Task Force that
21 [REDACTED] and [REDACTED] had indicated that they got some
22 boats from Ollie.

23 Q Some boats from Ollie?

24 A Or a boat [REDACTED]
25 [REDACTED]

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98

1 Q Did they tell you whether these boats were
2 motor boats or steamers or what they were?

3 A No, sir.

4 Q Did you have any impression as to what they
5 were?

6 A I believe I had the impression at one point
7 that one of them was a fairly quick boat, but I can't
8 tell you what I based that impression on.

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Pages 99 and 100

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Q Now, Major [REDACTED] I believe in our last meeting you said that there was a point where Mr. Allen told you that Colonel North had once told him that the President was willing to go to Leavenworth if it was necessary to get the hostages released. Do you recall that?

A Yes, sir.

Q Do you recall what the context of that remark was, how it came up?

A I was arguing with Mr. Allen about what I call the options paper.

Q And that is the paper that you submitted to Lieutenant Colonel North on April 24, 1986; is that correct?

A Yes, sir.

Q And we will get to that in just a moment. So this discussion occurred in the context of your discussion of the options paper; is that correct?

A I believe so, sir.

Q Now when Mr. Allen made this remark to you, what did you understand him to mean by reference to Leavenworth?

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102

1 A That Mr. Allen was telling me that Mr. North
2 had told him that the President had told -- excuse me,
3 Colonel North -- that he was willing to go to great
4 lengths to free the American hostages.

5 Q Now when you --

6 A And I assumed by that to include activities
7 which were illegal, which I did not believe.

8 Q You are aware that Leavenworth is the site of
9 a military installation, is it not?

10 A Yes, sir. It sounded peculiarly military in
11 the context and not something like the President would
12 say.

13 Q Were you aware at the time that Leavenworth
14 was also the site of a maximum security Federal
15 correctional institution?

16 A Yes, sir. I'm aware now that it is. At the
17 time, I wasn't aware of it. I assumed that because there
18 is a military one there, I guess I assumed that it was a
19 Federal facility, but it sounded, the way it was phrased,
20 it sounded peculiarly military in context and it sounded
21 not something that a civilian would say.

22 Q Did you take it that President Reagan would go
23 to Leavenworth and command military forces to get the
24 hostages out, that that was what Colonel North was trying
25 to convey?

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103

1 A I just took the sentence at face value, that
2 the President was willing to go to Leavenworth if he had
3 to. I think that was meant to construe activities that
4 perhaps were not legal, and I didn't believe that the
5 President, because of Colonel North's role in
6 exaggerating his relationship with the President, I felt
7 that that was probably an exaggeration as well.

8 Q And I gather you had had some exposure to that
9 exaggeration by that point; is that correct?

10 A Yes, sir.

11 Q How would you characterize what Colonel North,
12 how Colonel North would exaggerate his relationship with
13 the President?

14 A I can't remember or recollect a specific thing
15 other than the President asks me three times a week
16 about, and I was in Colonel North's office on a number of
17 occasions, as you have seen from his calendar, and I
18 never saw, heard, or had any specific information about
19 any direct contact between the President and Colonel
20 North which was unusual, in my opinion.

21 Q What do you mean it was unusual?

22 A If there was as much a connection between
23 Colonel North and the President as he alleged, at least
24 during the four or five hours I spent over there at one
25 period I would have heard "your meeting with the

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104

1 President" or words to that effect come up. I never
2 heard anything like that. I never heard that he was off
3 meeting with the President, to call him three or four
4 times a week, if he was available, yes, he was available
5 or no, he is meeting with somebody from CIA [REDACTED] or
6 words to that effect.

7 But I never heard of a meeting that he was
8 having with the President. That is why I considered his
9 role exaggerated. It was the sort of thing -- excuse me,
10 I want to make a point -- it was the sort of thing that I
11 think he would have told or made a point, if I had a
12 meeting with the President today, I think he would have
13 said that, and I did not hear that from him during my six
14 or eight-month association with him.

15 Q In other words, you would hear some general
16 statement about the frequency of meetings but you never
17 heard any particular statement about a particular
18 meeting; is that correct?

19 A No, sir. I never heard, other than rumor,
20 that he had met with the President. I had heard that he
21 was one of the individuals who was key in convincing the
22 President to go into Grenada, but I was not aware of the
23 specific instances. But I did not know of any meetings
24 that he had with the President between the time I was
25 associated with him in December of 1985 and the time that

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105

1 I left that office the 24th of May, at the end of May in
2 1986.

3 I heard of no substantive contact between him
4 and the President.

5 Q And I gather what he alleged during that time
6 was the general frequency of meetings other than a
7 reference to particular meetings that he had during that
8 period of time?

9 A No, sir. He didn't allege to have had any
10 meetings. He, I think, exaggerated his contact on this
11 one memo that I indicated, that the President of the
12 United States asks me three times a week. I assumed that
13 was through intermediaries, that Admiral Poindexter was
14 asked by the President, and that Colonel North was the
15 action officer to answer the questions. I think he
16 exaggerated his role in that as well.

17 That is based upon an intuitive feeling that
18 is difficult to describe at this time.

19 Q Were you familiar with the operation of
20 North's office at all, the roles of individuals?

21 A I knew the people who worked there, yes, sir.

22 Q Presumably you had some exposure to Fawn Hall;
23 is that correct?

24 A Yes. I met her on a number of occasions.

25 Q And how about Craig Coy?

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106

1 A Yes, sir. He was an Air Force officer
2 assigned -- or Coast Guard? He was an officer assigned
3 to work for Colonel North as well as Bob Earl.

4 Q Bob Earl was also assigned to Colonel North?

5 A Yes, sir.

6 Q What were Craig Coy's responsibilities, as you
7 recall?

8 A I know that he was not involved with this
9 particular subject matter of interest on the hostages. I
10 think I was told to sort of keep the sensitive stuff away
11 from him, or words to that effect. I don't think he was
12 heavily involved in the subject, and I think he had other
13 duties.

14 Q Was he playing a major role in policy
15 formation, from your ability to observe?

16 A I don't believe so.

17 Q How about Robert Earl? What was his role?

18 A Bob Earl was more of an action officer for
19 Colonel North, and I believe I once asked about his
20 relationship with Colonel North, did he work for Colonel
21 North, and he said he worked with Colonel North, and I
22 made mention of that to Mr. Allen one time and Mr. Allen
23 made it very clear to me that Colonel Earl worked for
24 Colonel North.

25 Q Were you able to observe whether Mr. Earl had

UNCLASSIFIED

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107

1 a knowledge of the hostage initiative?

2 A Yes, sir.

3 Q Did he?

4 A Yes, sir, as far as I was aware. If I could
5 not get hold of Colonel North on a particular subject,
6 particularly a hot subject, it was okay to talk to Bob.
7 That was the quote from Mr. Allen.

8 Q How about, let's say, the DEA operation?
9 Would he have been knowledgeable of that?

10 A Yes, sir, I believe he was. He seemed to be
11 Colonel North's backup.

12 Q Let me put the question differently. Was
13 there any topic you felt you could not talk to Colonel
14 Earl about in North's absence?

15 A No.

16 Q Now, in April of 1986 you completed an options
17 paper on the hostage question, and I'm going to have this
18 marked as [REDACTED] Exhibit 2 and ask if you would take
19 a moment to look at it and identify it, if you would.

20 (The document referred to was
21 marked [REDACTED] Exhibit
22 Number 2 for identification.)

23 MS. HUGHES: Is this a good time for a break?

24 MR. WOODCOCK: Sure.

25 (A brief recess was taken.)

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108

1 MR. WOODCOCK: Let's go back on the record.

2 BY MR. WOODCOCK: (Resuming)

3 Q Major [REDACTED] you have had an opportunity
4 to review what has been marked as [REDACTED] Exhibit 2;
5 is that correct?

6 A Yes, sir.

7 Q Now, is that the options paper you referred to
8 earlier in your testimony that you had a discussion with
9 Mr. Allen over?

10 A Yes, sir.

11 Q How did this paper come to be created?

12 A At the initial meeting with Colonel North and
13 Mr. Allen in the Old Executive Building, Colonel North
14 indicated he wanted to explore all of the options.

15 Q And this is the meeting that occurred in
16 December of '85?

17 A Yes, sir.

18 Q So this paper is in part the fulfillment of
19 the purpose of the CIA Hostage Location Task Force as you
20 understood it; is that correct?

21 A Yes, sir.

22 Q Now this paper really is divided into what
23 appear to be two parts; is that correct?

24 A Yes, sir.

25 Q There is a cover memorandum which is addressed

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TOP SECRET CODEWORD

109

1 from you to Lieutenant Colonel Oliver North.

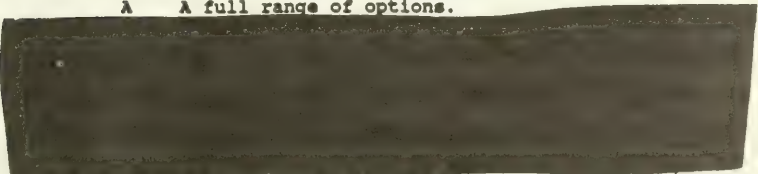
2 A Yes, sir.

3 Q And in that is a reference to the arms-for-
4 hostages option; is that correct?

5 A Yes, sir.

6 Q Then, appended to that are --

7 A A full range of options.

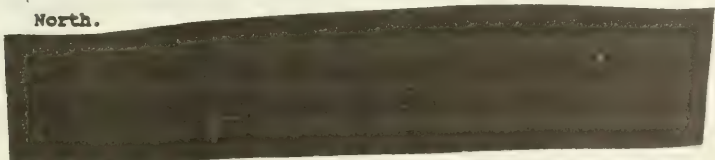


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12 Q Is there anything about your discussions with
13 Mr. Allen that caused this paper to take on a form that
14 appears to turn it into two different papers?

15 A Yes, sir.

16 Q What is that?

17 A The second section of the paper, you will
18 note, appears to be a complete range of options. This is
19 what I submitted to Mr. Allen for the options paper,
20 which I was interested in seeing be delivered to Colonel
21 North.



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25 Q Then, when you submitted this range of options

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110

1 to Mr. Allen, what was his reaction?

2 A That I had left out an option.

3 Q That option being the arms-for-hostage option;
4 is that correct?

5 A Yes, sir.

6 Q So what happened as a result of that insight
7 on his part?

8 A He asked me -- he directed me to describe the
9 arms-for-hostages channel, and in fact I indicated that I
10 had been kept out of [REDACTED] and was not
11 completely privy to all of the information. And he
12 indicated that he would assist me in the writing of that
13 portion, so I drafted an option and he made considerable
14 changes to that option in two different drafts.

15 Q Now in the course of your discussion with him
16 about the arms-for-hostages option I take it that you
17 made known to him that that was not an option that you
18 favored; is that correct?

19 A That is correct, sir.

20 Q Did you tell him that if you were forced to
21 simply incorporate it into the paper you might withhold
22 your signature from it?

23 A Yes, sir.

24 Q Did Mr. Allen make some concession to you
25 based upon this position you had assumed?

UNCLASSIFIED
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111

1 A Yes, sir. I indicated that I felt that he
2 should sign this particular paper, and he said, no, I
3 should take credit for my work. I felt that was rather
4 strange because he was always insistent on signing the
5 weekly reports to Admiral Poindexter, and why he would
6 want me to sign the options paper, even though it was the
7 basis of my work, most of my work was what he signed in
8 terms of production of intelligence, struck me as
9 somewhat strange.

10 But after I had discussed, after I had drafted
11 my first draft of the options on the arms-for-hostages, I
12 had a number of what we call bullets, lines, that were
13 drawbacks or things that I had problems with --
14 encouraging terrorism, the assumption to encourage
15 terrorism -- and there were a number of items, there were
16 five or six different bullets, I believe, short blurbs.

17 Q Now did you negotiate with Mr. Allen about
18 presenting your views to Mr. North?

19 A Yes, sir. I said if the paper had to go this
20 way, the only way I would sign it is if I was allowed to
21 send it to Colonel North and explain my reservations
22 about it.

23 Q So he acceded to that, I gather.

24 A Yes, sir.

25 Q What happened then?

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112

1 A I delivered the paper to Colonel North, I
2 believe at the end of April, and discussed with Colonel
3 North my reservations about the back channel initiative,
4 the arms-for-hostages.

5 Q Now you referred to it as the back channel
6 initiative. I gather that that has a particular meaning
7 to you, the term "back channel"; is that correct?

8 A I believe that was the way that Mr. Allen
9 first referred to it, and that was simply the way it was
10 referred to rather than talking about arms-for-hostages
11 because it was a generic term that you could discuss
12 without saying something that in fact was considered by
13 Mr. Allen to be very sensitive.

14 Q "Back channel" is a term that ordinarily
15 denotes not the ordinary communications; is that correct?

16 A Yes, sir.

17 Q Not the ordinary chain of command; isn't that
18 correct?

19 A Yes, sir.

20 Q Is that what you took it to mean in this
21 instance, too?

22 A Yes, sir.

23 Q Now, did anyone else other than you contribute
24 -- and Mr. Allen -- contribute to the item that has been
25 marked as [REDACTED] Exhibit 2?

UNCLASSIFIED

UNCLASSIFIED

113

1 A Yes, sir. The basic paper that I wrote really
2 was the items [REDACTED]

3 [REDACTED] That was basically the paper that I
4 wrote, and that was a compilation of efforts by many of
5 the members of the Hostage Location Task Force team [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED] and it was in fact,
9 while I drafted it, it went through many drafts in its
10 process.

11 And this back channel initiative was tacked on
12 at the end just before it was submitted.

13 Q So that you put it out for general review
14 before you completed it; is that correct?

15 A The back portion [REDACTED]
16 not the front piece. [REDACTED]

17 Q So that items [REDACTED] went through
18 the Hostage Location Task Force personnel?

19 A Yes, sir.

20 Q And you retained your subordinate editorial
21 authority over it; is that correct?

22 A Yes, sir.

23 Q And then subject to Mr. Allen; is that
24 correct?

25 A Yes, sir.

UNCLASSIFIED

UNCLASSIFIED

114

1 Q Now, did you, as a result of your discussions
2 with Mr. Allen, finally affix your signature to the
3 bifurcated version of the options paper?

4 A Yes, sir, only with the condition that I
5 explained to Colonel North my reservations about it.

6 Q Correct, and your signature does appear on the
7 Exhibit, does it not?

8 A Yes, sir, it does.

9 Q A copy of your signature appears on the second
10 page, or at least that page denominated as 7437?

11 A Yes, sir, it does.

12 Q Now did you have a meeting with Colonel North
13 about this paper?

14 A Yes, sir, I did.

15 Q And that was sometime in late April; is that
16 correct?

17 A Yes, sir.

18 Q Did you bring to his attention your views
19 about the lead option, or at least the first option on
20 it, the arms-for-hostages option?

21 A Yes, sir.

22 Q How did that presentation of views proceed?

23 A I said that while Mr. Allen had affected my
24 analytical view, that he was more of the opinion that it
25 was an effective option than I was, and that the words

UNCLASSIFIED

UNCLASSIFIED
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115

1 that we had come up with were in fact more his than mine
2 but a compromise we did have. Mr. Allen was
3 knowledgeable that an arms-for-hostages deal had been
4 successful in the past and that I had not been involved
5 with this, and he affected that this analysis should be
6 colored by the facts -- i.e., that it had been successful
7 in the past.

8 I indicated that despite that it had been
9 successful in the past, that just because it worked it
10 was not necessarily the right thing to do.

11 Q In other words, your position was it shouldn't
12 be a U.S. policy even if it did work; is that correct?

13 A Basically yes, sir. It was bad business.

14 Q And you conveyed that to Lieutenant Colonel
15 North; is that correct?

16 A I conveyed that to Mr. Allen and he was quite
17 irate with me, and he said goddam it, Ollie knows all
18 this. Just put the words down.

19 Q And that was how the first part of the report
20 came into being; is that correct?

21 A Yes, sir.

22 Q Now when you got to Lieutenant Colonel North,
23 I take it this meeting took place in his office; is that
24 correct?

25 A Yes, sir.

UNCLASSIFIED
TOP SECRET CODEWORD

UNCLASSIFIED

116

1 Q When you got to his office did you exchange in
2 a presentation of your views on this first option how you
3 disfavored it?

4 A Yes, sir.

5 Q How did that go?

6 A We met for about an hour and 45 minutes with
7 various interruptions, and I expressed my reservations
8 and my checklist of reservations for the first option.
9 And he said that's not exactly what you've said here.
10 And I said, well, that is not what I've said here, but
11 this is my opportunity because of my agreement with Mr.
12 Allen to express my reservations to you.

13 Q Now who else was present?

14 A No one, sir. Just myself.

15 Q The meeting is interrupted periodically and
16 that, I gather, elongates the life of the meeting; is
17 that correct?

18 A By phone calls, by Colonel North having to
19 step out for a minute here and then come back and say
20 ~~what~~ were we.

21 Q Now, was this discussion centered solely on
22 the first option, or did you get into the other options
23 as well?

24 A No, sir. We spent the bulk of the first part
25 of our meeting talking about that, and I expressed my

UNCLASSIFIED

UNCLASSIFIED
104-10101-100-2000

117

1 dissatisfaction with that as a functioning option, and he
2 was quite tightlipped about it and made no comments on my
3 noting that it was against official U.S. Government
4 policy. He made no comments on the fact that it
5 encouraged terrorism. He made no comment on any of the
6 items that I brought up, with the exception of its effect
7 on the Gulf war.

8 And he asked if I thought it would have a
9 significant effect, and I said, based on the equipment,
10 yes, I felt that key items of equipment could have a
11 significantly adverse effect on the Gulf war.

12 Q And when you made that comment, did he react
13 to that?

14 A He raised his eyebrows, I believe.

15 Q So I gather this was not a rough and tumble
16 give and take discussion of the first option?

17 A I expressed my doubts and he listened.

18 Q But he did not rejoin, for the most part; is
19 that correct?

20 A No, sir, which some what surprised me.

21 Q You were anticipating perhaps some real give
22 and take in the conversation?

23 A Yes, sir.

24 Q Do you recall, after this meeting, having a
25 meeting with or in [REDACTED] office?

UNCLASSIFIED
104-10101-100-2000

UNCLASSIFIED
TOP SECRET CODEWORD

118

1 A I remember at some time going up to [REDACTED]
2 [REDACTED] office in downtown D. C., yes.

3 Q Do you place it in time, before or after this
4 meeting with Colonel North?

5 A I'm not sure when it occurred during that
6 time, to my recollection.

7 Q Do you recall why it was you went to [REDACTED]
8 [REDACTED] office?

9 A To the best of my recollection, he said that
10 he had some notes on items that we had previously held
11 discussions on, and I said I would like to get together
12 with him to talk about that and take some notes. And [REDACTED]
13 [REDACTED] and [REDACTED] were not very accurate
14 recordkeepers.

15 Q Did they keep any records at all, do you know?

16 A After meeting with [REDACTED] in his office I
17 was able to find or to see nothing that was written down
18 in any form.

19 Q Were they able to compensate for their
20 apparent absence of notetaking with particularly fine
21 recall?

22 A No, sir.

23 Q Did they suffer the consequences, then, of
24 having incomplete notes and incomplete memories?

25 A Yes, sir.

UNCLASSIFIED
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119

1 Q Now, was there anything about going to [REDACTED]
2 [REDACTED] office that struck you as odd with respect to his
3 purported assignment to the NSC?

4 A Yes, sir. He was working in a rather -- I
5 shouldn't say -- well, it was not the kind of office that
6 one would think is associated with the NSC. It was
7 small, rather crowded, not very well furnished, and he
8 seemed to have no specific area dedicated to that NSC-
9 designated task. He seemed to be just another guy
10 working out of his DEA office at his regular job.

11 Q Did you get the impression that he, along with
12 his NSC assignment, retained many of his ordinary DEA
13 functions and assignments?

14 A Yes, sir. Apparently he retained all of his
15 regular assignments. It was as though -- it seemed to me
16 as though he had assumed his NSC advisory role as an
17 additional duty -- I would strike NSC advisory role --
18 his duties dealing with Colonel North as an additional
19 duty and that he was not given a special status or
20 project.

21 Q You were able to leave your position, I guess,
22 sometime toward May of 1986; is that correct?

23 A Yes, sir.

24 Q During that period of time the record, I
25 think, now reflects that from approximately May 24 to May

TOP SECRET/NOFORN
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UNCLASSIFIED

TOP SECRET/CODEWORDS

120

1 28 the McFarlane delegation visited Tehran in an effort
2 to pursue the arms-for-hostages policy. Were you aware
3 that that was under way or underfoot at the time that you
4 were leaving?

5 A No, sir. I know that I believe I went down at
6 the end of May with the idea that I would see Colonel
7 North before I left, and I believe at the time I went
8 down there he wasn't in the office, and it seemed to me
9 that they said that there had been an earlier
10 conversation where he was out of the office or he was
11 around somewhere, but not there at the time that I went
12 over, I believe, that week to say goodbye.

13 He was not available to say goodbye to, and I
14 was not informed of where he was or what he was doing.

15 Q Were you aware of an increased activity on the
16 part of your associates [REDACTED] during
17 this period of time?

18 A I knew that there was increased activity on
19 the part of Mr. Allen. I don't remember if [REDACTED]
20 was gone yet. He was making efforts in the same way I
21 made an effort to get clear of this "bad business". He
22 was trying to effect his release from this task force,
23 which was originally slated to last only a short period,
24 say six weeks, and that we had been there six months
25 already. And he was working to see himself replaced as

UNCLASSIFIED

UNCLASSIFIED

121

1 well on the task force.

2 Q Were you aware in the course of your tenure
3 with the CIA Hostage Location Task Force of an individual
4 by the name of [REDACTED]

5 A Yes, sir.

6 Q How did you come to know him, if you did come
7 to know him?

8 A I knew that he had been cleared into the two
9 subcompartments of the program, and that he on a number
10 of occasions had assisted Mr. Allen in the editing of the
11 weekly report.

12 Q When you say he was cleared into the two
13 subcompartments you are referring to [REDACTED] as
14 one?

15 A No, sir. Not that. I was talking about the--
16 can I refer to these two, the [REDACTED]
17 subcompartments.

18 Q Let me put the question differently. Did you
19 understand or develop an understanding that [REDACTED]
20 [REDACTED] in addition to being cleared into the two
21 subcompartments, was also cleared into [REDACTED] or
22 did you have any knowledge of that one way or the other?

23 A I didn't have any knowledge that he was
24 cleared into [REDACTED] I was aware that Mr. Allen
25 used him for an editor and as a sounding board for some

TOP SECRET/CODEWORD
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UNCLASSIFIED
TOP SECRET CODEWORD

122

1 of his ideas.

2 Q Did you know what his position was with CIA?

3 A I was told at one time. I don't remember
4 exactly what it was.

5 Q Now, to put some other characters in context,
6 you've testified that you met George Cave sometime, I
7 believe, in March of 1986. Would that be correct?

8 A Yes, sir.

9 Q Did you know what his role was, why he had
10 been called into action?

11 A I believe it was because of his skills. I
12 believe he had some connection with [REDACTED]
13 [REDACTED] interpreting or translating or
14 something to do with [REDACTED] I was directed, in
15 so many words, to keep my nose out of his business and
16 did, and was glad to.

17 Q I gather you then did not have much
18 interaction with George Cave; is that correct?

19 A I met him once or twice and saw him a number
20 of times waiting for Mr. Allen to return or at a meeting
21 with Mr. Allen, trying to get hold of Mr. Allen.

22 Q And I gather you also met, while you were at
23 CIA, [REDACTED] and [REDACTED] is that correct?

24 A Yes, sir.

25 Q Did you ever discuss with them [REDACTED]

UNCLASSIFIED
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UNCLASSIFIED
TOP SECRET/ CODEWORD

123

1 or the arms-for-hostages program?

2 A I cannot recall a specific instance where I
3 discussed that with them. But I believe Mr. Allen
4 indicated that someone from the DO side was aware or
5 involved in that effort.

6 Q And you also knew [REDACTED] is that
7 correct?

8 A Yes, sir. I had known him from a previous
9 assignment overseas as well.

10 Q Did you have any understanding as to whether
11 [REDACTED] was either a participant or witting, as they
12 say at CIA, of [REDACTED] the arms-for-hostages
13 effort?

14 A I assumed he knew at least a portion.
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 Q Now, also about the time that you were getting
19 ready to leave the Hostage Location Task Force of the
20 CIA, there was an effort under way from the DEA agents to
21 release the hostages. Were you aware of that? This is
22 towards the end of May of '86.

23 A There were a number of efforts under way in a
24 number of different areas. I'm not sure which one you're
25 referring to.

TOP SECRET/ CODEWORD

UNCLASSIFIED

UNCLASSIFIED
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124

1 Q This one would have involved ransom for
2 hostages in the amount of approximately \$1 million a
3 hostage.

4 A There was some discussion of cash for the
5 hostages, but early on in my discussions with DEA they
6 mentioned it a number of times, but I, in terms of a
7 specific recollection, shortly before my departure I
8 don't remember. I don't have any clear recollection of a
9 \$1 million amount for the hostages through any particular
10 intermediary.

11 Q When you spoke to [REDACTED] about your
12 experiences with the DEA agents, did he impart to you
13 that he had cautioned the DEA agents against meeting with
14 their source or any of their sources in [REDACTED]

15 A I believe during -- no, I don't have any
16 recollection, any specific recollection. There was some
17 discussion [REDACTED] but in what regard I can't be very
18 specific. You have to remember these were often 18 and
19 19-hour days, six days a week, and so things tend to get
20 fuzzy when you are very tired.

21 Q The DEA agent projects, let me turn to them
22 for just a moment as a general topic. Was it your
23 impression that Colonel North had somehow placed the DEA
24 projects into Mr. Allen's bailiwick?

25 A No, sir. It was somehow my impression that

UNCLASSIFIED
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UNCLASSIFIED
TOP SECRET CODEWORD

125

1 the DEA agents were almost uncontrolled variables in the
2 equation. As it was, the DEA agents would typically, if
3 they could get money from CIA for a particular project,
4 would use CIA since they had, since my meeting with the
5 Director of CIA in which I presented my view of the
6 sources and Mr. Allen asked for \$25,000. Mr. Casey's
7 comment was, get it from the DO, the Directorate of
8 Operations, and that seemed to end Mr. Allen's efforts to
9 get money because he was not willing to go there to get
10 it.

11 Once Mr. Allen's role and failure to get any
12 money for them happened, then they seemed to lose more
13 interest in Mr. Allen other than a source for information
14 or intelligence from time to time.

15 Q Were they a regular -- were they in regular
16 contact with the Hostage Location Task Force?

17 A They were in regular contact with Colonel
18 North. On a number of occasions Mr. Allen would direct
19 me to get together with them and meet with them because
20 he had gotten another call from Ollie that they had been
21 in contact with Ollie, and my feeling was that Colonel
22 North wanted to have them work with Mr. Allen but that
23 the DEA agents preferred direct contact with Mr. North.

24 Q When Mr. Allen would ask you to have these
25 meetings with them, would you go ahead and have them?

UNCLASSIFIED
TOP SECRET CODEWORD

UNCLASSIFIED

126

1 A I would talk to them on the phone or I would
2 meet with them, and I would be in contact with them. I
3 visited them at their office one time. They came up to a
4 hotel one Sunday. I met them at Colonel North's office
5 once or twice. But I would say I've had a total of eight
6 to ten or twelve -- maybe eight to ten meetings with them
7 during the five or six-month period.

8 Q Now, those meetings, were they of more
9 frequency in the early part of your tenure than the
10 latter, or were they spread out evenly over the six
11 months?

12 A More frequent at the beginning, less frequent
13 late.

14 Q Any reason for the diminution of frequency?

15 A Personally I felt that they were not very
16 useful as sources, that I didn't really care to deal with
17 them.

18 Q Were you able to assist them much?

19 A I was able to provide them some assistance,
20 [REDACTED]

21 [REDACTED] et cetera, and they would refer
22 their questions to me. I had some reservation about
23 talking to them over an open telephone. They did not
24 have a secure line in their office. And so if we were
25 going to meet to discuss classified information I

UNCLASSIFIED

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UNCLASSIFIED

127

1 wouldn't do it over an open phone. So that hindered them
2 somewhat.

3 Q Do you know whether they had any secure
4 communications devices, like a KL-43?

5 A I was not aware of that. All my contact with
6 them was over the phone or personally, over the open
7 phone.

8 Q Now, do you recall having a conversation late
9 one evening with Mr. Allen where he referred to Ollie and
10 his contra money?

11 A Yes, sir.

12 Q How did that come about?

13 A The specific context that it came up in, we
14 were talking about -- I believe Mr. Allen and I were
15 talking about money and he made an offhand remark to the
16 effect that Ollie was already into his contra money for
17 the hostages, that he was using his contra money. And I
18 knew that Colonel North had a role, some sort of role,
19 some sort of dealings with the contras. But I'm a Middle
20 East expert and that was outside my area.

21 And I was simply not interested in it.

22 Q And as a Middle East expert, I gather you had
23 certainly an understanding of what the reference to
24 hostages would mean; is that correct?

25 A Yes, sir.

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UNCLASSIFIED

UNCLASSIFIED

128

1 Q Did you have an understanding from the remark
2 as to how it was that monies earmarked for the contras
3 would end up being used for the hostages?

4 A No, sir. And I did not ask. I did not know
5 if this was officially appropriated funds or private
6 funds or government funds or what sort of funds they
7 were. He just made the fact that Ollie was already into
8 his contra money for the hostages, that it was a remark
9 made in the context of monies in general, and that there
10 was a shortage of funds in efforts to free the hostages.

11 Q Did that shortage relate to the particular
12 projects that were under way to seek the release of the
13 hostages?

14 A I don't remember what the context specifically
15 was in reference to. I think it had to do with paying
16 sources, and I knew that there were certainly funds
17 available for the collection of intelligence and that no
18 efforts were spared in that regard. But that generally
19 in terms of monies being paid, it was for sources or to
20 get access to sources.

21 Q Now, the sources were these, the DEA sources,
22 or were there more sources than just DEA sources that
23 were in need of payment?

24 A I don't remember specifically what the
25 conversation was referring to, simply that there was a

UNCLASSIFIED

TOP SECRET/CODEWORD
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129

1 shortage of funds, that Colonel North's funds for these
2 efforts were short.

3 Q For the hostage efforts?

4 A Yes, sir.

5 Q And that he, as a result, was resorting to or
6 digging into contra money?

7 A Yes, sir.

8 Q Let me ask more generally and outside the
9 context of this particular conversation --

10 MS. HUGHES: Off the record for a second.

11 (A discussion was held off the record.)

12 BY MR. WOODCOCK: (Resuming)

13 Q Do you recall when this conversation occurred?

14 A I would estimate it was at least halfway
15 through my tenure, my five or six-month tenure at the
16 Hostage Location Task Force, which would put it somewhere
17 in probably the March to April time frame, I would guess.

18 Q Can you relate it to your trip to London? Was
19 it after that?

20 A I can't place it specifically.

21 Q Now, during this conversation where this
22 remark was made I gather from your earlier statements
23 this was late at night; is that correct?

24 A Yes, sir. I assume that it could have been
25 any day of the week. I know that typically on a Friday

TOP SECRET/CODEWORD

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130

1 night we would spend till midnight there preparing the
2 report, sometimes 1:00 or 2:00 in the morning. During
3 the week we would run sometimes 6:00, 7:00, 8:00, 9:00 at
4 night, but Fridays were particularly brutal.

5 Q I gather no one else was present other than
6 Mr. Allen, or was his secretary within earshot, to your
7 knowledge?

8 A I don't recollect there being anyone around at
9 that time.

10 Q So it was you and Mr. Allen, to the best of
11 your recollection; is that right?

12 A Yes, sir. That doesn't mean there wasn't
13 somebody else around. I just cannot remember anybody
14 specifically being there.

15 Q Do you recall whether Mr. Allen's secretary
16 was even available at that point?

17 A Mr. Allen's secretary is located in a
18 different area. We were in the Hostage Location Task
19 Force spaces. Mr. Allen's secretary was located on an
20 entirely different floor, down at the [REDACTED]
21 Actually he had offices [REDACTED] and later
22 moved to the [REDACTED] So he maintained two
23 different office spaces at one time, and his secretary
24 earlier was at his office at the NIO for Counterterrorism
25 and later she moved down to his office with the [REDACTED]

TOP SECRET//COMINT//FOUO

UNCLASSIFIED

UNCLASSIFIED

131

[REDACTED]

The secretary for the Hostage Location Task Force was located at our spaces, not Mr. Allen's secretary.

Q I see. If this conversation took place when you were putting the report together, then would there have been a secretary still there to finish up the report?

A Typically yes, sir. Her desk, however, was located outside of the doors, and she wouldn't necessarily have been privy to it.

Q Now I don't want to confuse your testimony here. Do you associate this remark with one of those late Friday nights that was a report-writing night, or was it another late night?

A I can only recollect that it was dark outside, that I was sitting at the table very tired when Mr. Allen made the remark. I can't associate it specifically with the preparation of the report or any particular night of the week.

Q Do you recall writing out a list at one point of all of the [REDACTED] efforts that were ongoing while you were the Hostage Location Task Force of the CIA?

A Yes, sir. I remember writing what was

UNCLASSIFIED

UNCLASSIFIED

132

1 tentatively called the Initiatives Under Way. Whether
2 the initiatives had any substance or not, we included all
3 of them, and there were, I believe, some [REDACTED]
4 reported initiatives. Some of these were spurious; some
5 were in fact not really initiatives but were just press
6 reflections of an initiative.

7 But we made an analysis of all of the reported
8 initiatives that were under way and it became very
9 confusing at one point. Colonel North was doing things.
10 Mr. Allen was doing things. The DEA guys were involved
11 in efforts. [REDACTED]

12 [REDACTED]
13 There were many, many people doing
14 many, many things.

15 And I said I can't tell the players without a
16 scorecard. I need to write all these down, and at one
17 point I did and I included them all. And we had a file
18 on initiatives.

19 Q Now who helped you put that together?

20 A Mr. Allen, [REDACTED]

21 [REDACTED] members of
22 our team [REDACTED]

23 [REDACTED]
24 [REDACTED]
25 [REDACTED] I believe I

UNCLASSIFIED

UNCLASSIFIED

TOP SECRET/CODEWORD

133

1 canvassed everybody to say what initiatives are you aware
2 of.

3 At one of the biweekly Hostage Location Task
4 Force meetings, when we pulled all the individuals in, I
5 threw it up in the air and said what initiatives are you
6 aware of. That is where the initial list came from, and
7 it was [REDACTED] and then as the list grew, it grew
8 larger and more complex.

9 Q So I gather that some of these initiatives
10 were U.S. Government-inspired and some of them were
11 private initiatives; is that correct?

12 A Yes, sir, apparently.

13 Q Now when you say "apparently", that is an
14 initiative, if it had a U.S. Government role you didn't
15 know it; is that right?

16 A Yes, sir. I was not privy to all of the
17 initiatives under way.

18 Q Now, these initiatives, if you can recall, how
19 many of them were associated with Lieutenant Colonel
20 North?

21 A That would be a hard question to answer. If
22 anybody was aware of them, in my opinion, it would be
23 Colonel North. He seemed to be more aware of ongoing
24 efforts. We kept him informed of things we became aware
25 of. He seemed to be the one, the keystone.

UNCLASSIFIED

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134

1 Q Would Robert Earl be aware of which ones would
2 be North initiatives?

3 A He very well might. He would be more
4 knowledgeable about that than I would be, I assume.

5 Q Was this list disseminated?

6 A An earlier copy, yes, sir, was disseminated.
7 I provided a copy to the State Department, and I believe
8 I provided a copy to the FBI.

9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]

14 Q Now was a copy of this, to your knowledge,
15 left with the Hostage Location Task Force of the CIA when
16 you left?

17 A Yes, sir. [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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135



(A discussion was held off the record.)

BY MR. WOODCOCK: (Resuming)

Q Let me put on the record what you just said while we were off the record. Major [REDACTED] was asked when the list of projects, [REDACTED] was compiled, and let me summarize his testimony.

He said that the list was formally constructed in February of 1986 and that it was regularly amended from time to time as new projects came to the attention of the Hostage Location Task Force; is that correct?

A Or alleged projects or alleged initiatives.

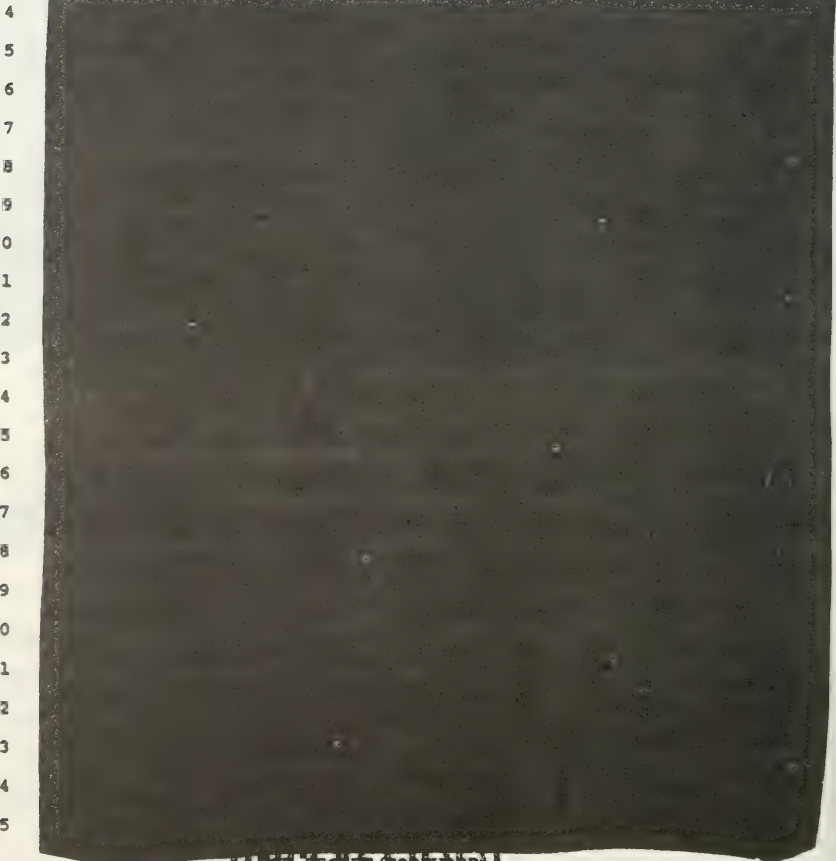
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136

1 Q He also said that the list was disseminated
2 sometime in March of 1986; is that correct?

3 A Yes, sir.



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Pages 137 through 141

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142

[REDACTED]

(A discussion was held off the record.)

MR. WOODCOCK: Let's go back on the record.

BY MR. WOODCOCK: (Resuming)

Q Now, Major [REDACTED] you stayed with the Hostage Location Task Force, I believe, until approximately the end of May; is that correct?

A Yes, sir.

Q And you then left the Hostage Location Task Force [REDACTED]

[REDACTED] is that correct?

A Yes, sir.

Q Now I believe in our last meeting you said that you were eager to leave the Task Force; is that correct?

A Yes, sir.

Q And that after leaving the Task Force you, in your words, dug yourself a foxhole and kept out of both Mr. Allen and Mr. North's or Colonel North's way; is that correct?

A Yes, sir.

Q And I gather what you meant by that was that you wanted to avoid being called back into the Hostage Location Task Force; is that correct?

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UNCLASSIFIED

143

1 A Yes, sir. The original agreement was very
2 short term. It was supposed to be six weeks. I had the
3 impression that Mr. Allen, once he got his hands on me,
4 was not going to let me go under any circumstances except
5 for the fact that my pending reassignment, which was
6 delayed 90 days, and I simply did not inform him that my
7 assignment had been delayed 90 days.

8 I simply returned to the Pentagon on my
9 projected date of departure, which was at the end of May.

10 Q And as far as you know you were not
11 discovered; correct?

12 A Yes, sir.

13 MR. WOODCOCK: Major [REDACTED] I, if you
14 can believe it or not, I have no more questions for you,
15 and I appreciate your patience. It took longer than I
16 had anticipated, and I know you came here later than you
17 had anticipated, and so I thank you for your time and
18 patience.

19 THE WITNESS: Thank you for having me.

20 MR. GENZMAN: I have a couple of questions.

21 BY MR. GENZMAN:

22 Q Could you describe very briefly the cause of
23 your eagerness to leave the Task Force? Could you just
24 summarize?

25 A Yes, sir. I didn't want to be associated in

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144

1 any way, shape or form with what [REDACTED] apparently
2 had led me to believe was more arms-for-hostages when he
3 told me that the issue was not dead in, I guess, April or
4 May. I assumed that there were going to be some sort of
5 efforts in that regard and I didn't want to be associated
6 with them.

7 I advised against it, and my counsel had been
8 given. Whether it was ignored or taken was a moot point
9 at that point. I also, in the March time frame, despite
10 the caveats placed upon me, informed the Assistant
11 Chairman of the Joint Chiefs of Staff in March that I
12 believed that back in December-November time frame that
13 an arms-for-hostage swap had taken place, and his
14 reaction was stunned. I think his words were: Oh, Jesus
15 Christ.

16 BY MR. WOODCOCK: (Resuming)

17 Q This was General Moellering; is that correct?

18 A Yes, sir.

19 Q And when you informed him of that, you were
20 acting in contravention to the instructions you had been
21 given by Mr. Allen; is that correct?

22 A Yes, sir.

23 BY MR. GENZMAN: (Resuming)

24 Q I have one further question. I might have
25 missed an earlier answer. You mentioned earlier that

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145

1 Director Casey had talked about getting money from DO.

2 A Yes, sir. He directed Mr. Allen to get the
3 money from the Directorate of Operations.

4 Q And I believe you indicated that Mr. Allen was
5 not willing to go to DO.

6 A Yes, sir.

7 Q Can you give the reason for that?

8 A I believe he was involved in some sort of
9 bureaucratic struggle with DO, the Directorate of
10 Operations, and I was warned before going over to CIA
11 that it was a political minefield that I was stepping
12 into and that I was likely to get "both my legs blown
13 off". And so I used my contact over there to try to step
14 very carefully.

15 Q Was this political minefield any part of your
16 reason for being eager to leave?

17 A Yes, sir. It is very difficult to be at an
18 agency, a Federal agency which is separated from yours to
19 be under the operational control of an individual yet
20 still be employed by a different agency. I was a
21 soldier, an officer in the U.S. Army assigned from a
22 Joint Staff to a Federal agency working for a guy in CIA
23 and assembling a team of experts from all these other
24 agencies and had no true operational control over them
25 other than what I was able to influence through my

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146

1 personal will.

2 And I was able to do that for six months, but
 3 I was, frankly, very tired of holding it together.

4 MR. GENZMAN: I have no further questions.
 5 Thank you very much for your time.

6 (Whereupon, at 5:55 p.m., the taking of the
 7 instant deposition ceased.)

8 _____
 9 Signature of the Witness

10 Subscribed and sworn to before me this _____ day of
 11 _____, 1987.

12 _____
 13 Notary Public

14 My Commission Expires: _____

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CERTIFICATE OF REPORTER

I, Raymond R. Sheer III, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Raymond R. Sheer III
NOTARY PUBLIC
DISTRICT OF COLUMBIA

My Commission expires: May 31, 1989

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15 JAN 86

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Trip Report

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C 6898

15 January 1986

MEMORANDUM FOR THE RECORD

Partially Declassified/Released on 3 Feb 88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

SUBJECT: Trip Report

1. At the direction of LTC North of the NSC in coordination with Mr. Allen (MIO/CT) I undertook a two day trip to New York City to meet with two Drug Enforcement Agency (DEA) sources to evaluate them and any information they had on US hostages in Lebanon. The individual [REDACTED]

[REDACTED] maintain extensive contacts. They were noted by DEA agents [REDACTED] and [REDACTED] as being potentially useful in our efforts to free five Americans currently held in Lebanon. I presented myself as a private individual, representing other businessmen who would pay for released US hostages. Two meetings were held with [REDACTED]

[REDACTED] Both meetings with [REDACTED] were attended by [REDACTED] and yielded little or no substantive intelligence on the hostages. [REDACTED]

[REDACTED] mentioned that he had extensive contacts who could assist in a hostage release for cash. [REDACTED]

2. At the end of the first meeting he introduced us to [REDACTED] he told that I was 'Major [REDACTED]' an acquaintance of his.

3. He became more specific in the second meeting as to who his points of contact were. [REDACTED]

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4. During both meetings he indicated that he preferred to act as an intermediary for hostage information, and would be willing to travel to Lebanon to act in our behalf. He was not interested in getting any money "up front" to make additional inquiries for us but indicated if significant progress was underway he might need "bribe money to spread around."

5.

evaluation: [redacted] is a worthwhile contact.

have been excellent.

His past dealings with DEA

6.

and I held one four-hour meeting with [redacted]

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C 11N 2799

Executive Registry 13920

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C 6900

Now, be noted, it would require larger amounts to bribe them. He claims to have extensive contacts

He noted that any deal for the hostages would be COD but asked, (1) that he be provided \$5,000 and travel that there be funds available for bribe money when bona fides were presented (2)

10. He is prepared to travel on short notice

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C 6901

13. He felt it was possible to bribe [redacted] to free the hostages [redacted]

14. He indicated he would be contacting [redacted] to start work in this regard and would get back to us within a week.

15. Source Evaluation: [redacted] energetic and probably resourceful, he is fully aware of the dangers involved for himself. His interest is both monetary [redacted]

[redacted] The disadvantage of working through him is that he is not financially capable of undertaking the trip or bribes from his own pocket. [redacted]

Major [redacted]

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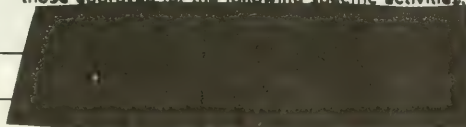
ROUTING			
TO	NAME AND ADDRESS	DATE	INITIALS
1	LTC Oliver North		
2	NSC		
3			
4			
ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
NUMBER	FILE	RETURN	
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DCI/HLTF			

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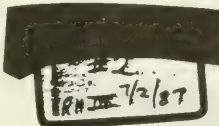
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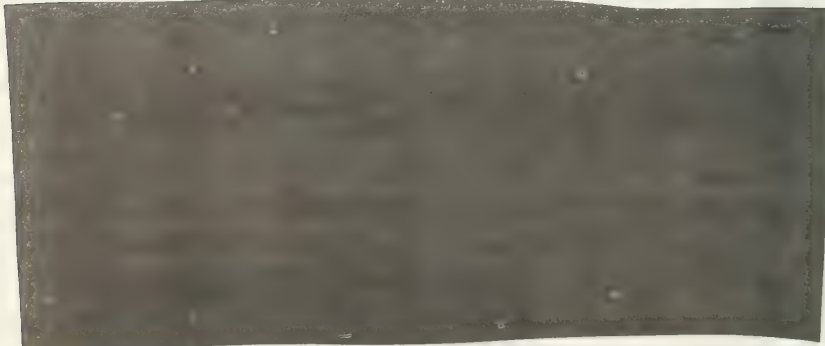
24 April 1986

MEMORANDUM FOR: LTC Oliver North
National Security Council

N 7436

FROM: Major [REDACTED]
DCI/ELTP

SUBJECT: Options to Secure the Release of US Hostages



The back channel initiative with Iran could well result in the release of the hostages. Iran has substantial influence over the captors and probably could effect a release of American hostages if Ayatollah Khomeini intervened directly to give his approval, even though Iranian influence over the hostages diminished [REDACTED]

[REDACTED] The United States would be obliged to make concessions to Iran. Iran is very interested in acquiring crucial military equipment and spare parts to support their current operations against Iraq. [REDACTED]



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One drawback to this initiative is that either the Iranian Government or one of the factions within the Government might publicly expose any US concessions to Iran simply to embarrass the present Administration.

Major, US Army

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Pages 1 through 4
[N7438 - N7449]

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DIA MAJOR Exhibit #3

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NSITS-068

DEPOSITION OF J. EDWIN DIETEL

Friday, June 5, 1987

U.S. House of Representatives,
 Select Committee to Investigate Covert
 Arms Transactions with Iran,
 Washington, D.C.

The Committee met, pursuant to call, at 10:22 a.m., in
 Room 2226, Rayburn House Office Building, with Patrick
 Carome presiding.

On behalf of the House Select Committee: Patrick Carome
 and Bruce Fein.

On behalf of the Senate Select Committee: Paul
 Barbadoro.

Also Present: David P. Holmes, Assistant General
 Counsel, Office of General Counsel, Central Intelligence
 Agency, Washington, D.C., and Paul Schilling, Office of
 Congressional Affairs, Central Intelligence Agency.

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1 Whereupon,

2 J. EDWIN DIETEL

3 having been first duly sworn, was called as a witness herein,
4 and was examined and testified as follows:

5 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

6 BY MR. CAROME:

7 Q Mr. Dietel, for the record, my name is Pat Carome,
8 I am staff counsel with the House Select Committee to
9 Investigate Covert Arms Transactions with Iran. Also
10 present is another lawyer from our staff, Bruce Fein, and
11 an attorney from the Senate Select Committee. Both
12 committees were established -- I'm sorry, Paul Barbadoro is
13 the attorney for the Senate Select Committee. Both
14 committees were established pursuant to resolutions and have
15 various enacting roles. The CIA was provided ^{you} with copies
16 of both the resolutions and the rules. I have today
17 provided you with another set of those rules for you to read
18 if you wish.

19 The mandate of both the House and Senate
20 Committees, which we are now -- the mandate of both the
21 committees is to investigate the circumstances primarily
22 surrounding the Iran affair, but also the United States
23 Government's involvement with the contras. This deposition
24 is being conducted pursuant to those rules.

25 : Could you please briefly describe your

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1 educational background, starting with college and law school,
2 and then briefly state the positions you have held since
3 law school, including year.

4 A I graduated from Southern Methodist University with
5 a B.S.M.E. in 1964. [REDACTED]

6 [REDACTED] I went to law school at G.W. and graduated in 1969,
7 J.D. I went back to Georgetown and took an LLM and graduated
8 in '73, I believe.

9 I joined the General Counsel's Office in 1973 as
10 an attorney, and I have held various management positions
11 throughout the office, and now I am the Deputy General
12 Counsel.

13 Q What are the positions that you have held in the
14 Office of General Counsel?

15 A I was an attorney in what was then the General Law
16 Division. I was the Deputy Chief of that Division, I was the
17 Chief of that Division. I was the Associate Deputy General
18 Counsel and Deputy General Counsel.

19 Q When did you become Deputy General Counsel?

20 A 1982, I believe.

21 Q And you have held that position both under Stanley
22 Sporkin and under David Doherty; is that correct?

23 A Correct.

24 Q And you --

25 A For the record, not the entire time that Stanley

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1 Sporkin was the General Counsel.

2 Q You took that position during the time when he was
3 General Counsel?

4 A Correct.

5 Q Did there come a time in late 1985, November 1985,
6 when you participated in a briefing by two CIA employees
7 concerning CIA support for a flight to Iran?

8 A Yes.

9 Q When do you recall that briefing having occurred?

10 A The evening of 25 January, Monday. 25 January 1985.
11 25 of November, 1985. 25 November.

12 Q That was a Monday evening?

13 A Uh-huh.

14 Q Could you describe the events of that day that
15 pertained to that briefing, starting with whatever happened
16 before the briefing?

17 A My recollection is late in the day Mr. Sporkin asked
18 me to join him explaining that John McMahon had called and
19 asked his advice about some activities that apparently had
20 occurred over the previous weekend. And Stanley asked me to
21 sit in at that briefing in his office.

22 Q Could you recall what time Stanley asked you to sit
23 in?

24 A I cannot. It was late in the day, that's the best
25 I can pinpoint the time. It was toward the end of the workday,

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1 if not at the end. It may have been 5 or 6 o'clock, but it
2 was late.

3 Q Did Mr. Sporkin tell you when he had been in touch
4 with John McMahon before that on this subject?

5 A I don't recall if he did. He may have.

6 Q What did Mr. Sporkin tell you in advance of the
7 briefing about what had gone on?

8 A I don't have any recollection of our having an
9 extensive conversation. He just asked me to join him, and
10 these two folks showed up and we sat down and listened to
11 what they had to say.

12 Q Who showed up?

13 A Well, I subsequently learned the -- what I believe
14 to be the names of the two individuals were [REDACTED] and
15 [REDACTED] They were introduced but I don't remember
16 their names myself and associated with the meeting. I
17 believe those to be the names of the two individuals who
18 were there.

19 Q Before this meeting, did Mr. Sporkin tell you that
20 this was a highly sensitive matter?

21 A I'm sure he must have.

22 Q Did anyone else attend this briefing --

23 A No.

24 Q -- by the two individuals?

25 A No, there were four people in the room, those four

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6

1 that I described.

2 Q And where did this meeting take place?

3 A In his office. Mr. Sporkin's office.

4 Q And about what time of day did this meeting take
5 place, that you can best recall?

6 A As best I can recall, at the end of the day.

7 Q So it was shortly after Mr. Sporkin told you that
8 the briefing needed to take place; is that right?

9 A Uh-huh, correct.

10 Q Who said what at the briefing?

11 A The best I can recall it was a fairly short meeting.
12 These two individuals -- I can't be specific as to which of the
13 two individuals -- described to us what had happened over the
14 previous weekend. But the sum and substance, they came in and
15 gave Stanley the facts as they knew it and basically left.

16 Q How long did that meeting take?

17 A I can't recall but I would guess 15 or 20 minutes,
18 maybe half hour.

19 Q What were the facts that these two individuals
20 related during the briefing?

21 A As I recall the facts, they described a flight that
22 had taken place. The purpose of the flight was to deliver
23 what I remember to be described as a part of a large shipment
24 of missiles, and that was -- My recollection is they described
25 the first was delivered to Israel, and my recollection is there

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1 was a switch, that is, a trade that these missiles were taken
2 there and off-loaded for replacement missiles which were on-
3 loaded, and the objective was then to take the on-loaded
4 missiles on to Iran.

5 Q And you understand at this time that already missiles
6 have been transported from the United States to Israel, off-
7 loaded in Israel, and then on-loaded again with another plane
8 -- I'm sorry -- and then different missiles are loaded in
9 Israel. And then those different missiles are taken on to
10 Tehran; is that your understanding of what was described?

11 A That's my recollection of what was described.

12 Q Was anything said about how the American missiles
13 had gotten to Israel?

14 A I have no recollection of that, and I have no
15 recollection of a fact that you just added, which was that
16 they were shipped from the United States. I don't have a
17 recollection that that was discussed or -- it may have been,
18 I just don't have a recollection of that.

19 Q But you said that newer missiles arrived in Israel;
20 is that right?

21 A Correct. The point I'm trying to make is I'm not
22 sure I can say that they were originated from the United
23 States over that weekend. I don't remember that -- the point
24 of origin of those particular missiles that weekend being the
25 United States.

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1 Q But you do remember there being two events of
2 transportation: one to Israel and one from Israel?

3 A That is my recollection, correct.

4 Q What was the volume of missiles that you recall
5 being discussed at this briefing?

6 A My recollection was it is in the order of 400 to
7 500. The reason I have that recollection is because it was
8 explained that it was the first of several shipments. I have
9 the recollection of the number 2,000 being discussed and it
10 struck me that that would mean there would be three or four
11 flights in order to deliver the totality. Now, that's my
12 recollection.

13 The problem I have is I understand that there's been
14 some dispute about that as to whether or not I have the time
15 right in not confusing it with what may have transpired
16 several months later. My recollection was constructed a year
17 after all these events, that is, in November of '86.

18 Q You are sure that you were at a briefing on
19 November 25th; is that right?

20 A Absolutely, and missiles were discussed at that
21 briefing, to the best of my recollection.

22 Q Is what you are not sure about whether it was --

23 A Whether I --

24 Q -- Tows or Hawks that were discussed?

25 A I have no recollection of any specific missile. What

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1 I have a recollection of is numbers in the 2,000 and only
2 roughly a fourth of those could be taken at any one time.
3 Now, whether I am confusing that with information I may have
4 learned later, I can't be certain because I've only had to
5 reconstruct this and think about it in November of '86. But
6 when I originally tried to reconstruct it, my recollection
7 was they were talking about 2,000 in November.

8 Q Putting the question of numbers aside, do you have
9 a firm recollection that at the November 25th briefing it was
10 discussed that there had already been one flight and that
11 that was the first of a series of flights to deliver a larger
12 total amount of material?

13 A My recollection in that respect is really tied to
14 the numbers, because I had this distinct recollection of
15 the 2,000 number and a quarter of it is all that the plane
16 could take at one time. That's why I have this recollection
17 of several flights having to be made in order to make the
18 total delivery.

19 Q At the time you were -- withdraw that.

20 When over the weekend did you understand this
21 flight to have occurred?

22 A I'm not sure it was described in any particular
23 timetable at the meeting. It had just occurred over the
24 weekend.

25 Q Would it surprise you that it seems that the plane

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1 involved may have still been in the air on its return
2 journey from Iran at the time you were meeting?

3 A It wouldn't surprise me because I was subsequently
4 trying to reconstruct and I've heard others describe what
5 they knew the facts to be, no.

6 Q Was the question of the need for ^{a/}finding, or the
7 possible need for a covert ²action ²finding, discussed between
8 you and Mr. Sporkin before this briefing took place?

9 A I don't have any recollection of the discussion
10 we had before the meeting took place, if we had any at all.

11 Q You don't recall whether or not Mr. Sporkin said
12 John McMahon says we need a ²finding on this question?

13 A No, I don't have any recollection of whether he
14 said that or not. I'm not saying he didn't say it, I'm
15 saying I have no recollection of his having had a discussion
16 with me in that regard at all.

17 Q Do you recall yourself or someone else telling
18 George Clarke before this briefing occurred that he should
19 not attend the briefing because it was too sensitive a
20 matter?

21 A No.

22 Q What types of questions did you or Mr. Sporkin
23 ask the CIA employees that came over to do the briefing?

24 A I don't have any recollection of our asking
25 particular questions at all.

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11

1 Q What was it that Mr. Sporkin wanted to find out?

2 A What had transpired over the weekend and what John
3 McMahon apparently was concerned about.

4 Q And what was it that Mr. McMahon was concerned
5 about, as you understood it at the time?

6 A Well, I had had no direct conversations with him so
7 I don't know that I gave that any thought at the time since
8 the question as you ask it, we were there to try to understand
9 what had happened and then advise McMahon if anything should
10 be done about it.

11 Q When you say that a certain amount of missiles had
12 already been moved the previous weekend, did you understand
13 that missiles had moved both to Israel and from Israel?

14 A That's my recollection.

15 Q How would you characterize the attitude of the two
16 CIA employees who were briefing you at this briefing session?

17 A They came and they described what they understood
18 to characterize the events and answered any questions. If
19 you are asking me if it was hostile or anything like that, it
20 was not.

21 Q Were they nervous?

22 A They didn't seem to be.

23 Q Were they tight-lipped?

24 A I don't know what you mean by that.

25 Q Were they reluctant to explain the facts?

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1 A Didn't seem to be.

2 Q Was there any mention of Lt. Colonel North at this
3 briefing session?

4 A I don't have any recollection of that. I wouldn't
5 have known who that person was at the time. I've never met
6 him, so I'm not sure I would necessarily focus on whether his
7 name would have meant anything. His name wouldn't have meant
8 anything to me, so I'm not sure I would have focused on and
9 remembered his name being mentioned.

10 Q Was Dewey Clarridge's name ^{mentioned} during the briefing, to
11 the best of your recollection?

12 A I have no recollection of his name being mentioned.

13 Q How about Richard Secord?

14 A No recollection of his name being mentioned.

15 Q Richard Copp?

16 A No.

17 Q What was said about the relationship of the
18 National Security Council to this flight or flights?

19 A I don't believe I -- I have no recollection of any
20 reference to the National Security Council being mentioned
21 at the briefing of these two individuals.

22 Q What about the issue of whether or not this was a
23 mission involved or directed at obtaining the release of
24 American hostages? Was that something that you were aware of
25 during the briefing?

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1 A I don't have a recollection of the two people
2 coming and speaking on that subject. I have a recollection
3 of that being thought of as the purpose, or at least one of
4 the purposes of this activity, but I can't associate that,
5 one, with the meeting or; two, with those specific days of late
6 November '85.

7 Q Did either of the CIA employees during the briefing
8 say anything at all about efforts to obtain rights to overfly
9 foreign countries during the weekend efforts?

10 A I don't have any recollection of that in the
11 briefing.

12 Q Do you recall that that did not come up?

13 A No, I can't say that I have a recollection that it
14 didn't come up.

15 Q What was said about the question of the remaining
16 flights in the series of flights to be performed during the
17 briefing?

18 A The best I can recall is that they described the
19 activities over the weekend and that others were to have to
20 take place in order to complete the overall activity. I have
21 no recollection of their saying with any specificity when or
22 how those might be undertaken.

23 Q Did either of the CIA employees doing the briefing
24 ask is it okay for us to continue on with the additional
25 flights?

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1 A I don't have any recollection of their asking any
2 such question.

3 Q Did either you or Mr. Sporkin give any indication to
4 the two individuals that further flights should not take
5 place until some further authority was obtained?

6 A I don't believe so. I don't have any recollection
7 of any such instructions.

8 Q What happened after the briefing by these two CIA
9 employees?

10 A Two people left and Mr. Sporkin decided that he
11 wanted some other advice and thought on what he should tell
12 John McMahon.

13 Q Did he call John McMahon immediately after the
14 briefing, to your knowledge?

15 A I cannot recall his doing that.

16 Q What did he do at this point?

17 A He called a second meeting, and that second meeting
18 occurred shortly after the two briefers left, and he asked
19 George Clarke and Bernie Makowka to join him.

20 Q Do you have a firm recollection that both of those
21 individuals came into this meeting?

22 A Yes, I do.

23 Q If I told you that Mr. Clarke firmly recalls that he
24 wasn't there, would that change your recollection?

25 A No, it wouldn't.

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1 Q What was discussed at this meeting after the
2 briefing?

3 A Mr. Sporkin described what he understood the facts
4 to be and we then discussed what should be done, if anything.

5 Q Let me stop you right there. What did Mr. Sporkin
6 say about the facts as he understood them at that point?

7 A He basically described the flights that had
8 occurred.

9 Q You mean to say flights, plural?

10 A Yes.

11 ~~X~~ I mean to say, my recollection is, flights from
12 into Israel and from Israel to Iran. That's why I'm using
13 the word plural. He described missiles -- my recollection is
14 -- missiles being transported as I've described, as we were
15 told. And the issue was, is this kind of activity require
16 a presidential finding? We talked about that and came to the
17 conclusion that our legal advice to the Deputy Director of
18 Central Intelligence was that we believed that would be the
19 best course to take. And my recollection is he then asked Mr.
20 Makowka to start drafting such a finding.

21 Q Was there any discussion of whether or not Mr.
22 McMahon had himself raised the question of whether a finding
23 was needed during this meeting?

24 A My best recollection is that -- let me strike that
25 and say: I have no recollection that Mr. McMahon asked whe

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1 a finding would be needed or not.

2 My best recollection is Mr. McMahon asked for Mr.
3 Sporkin's advice. Now, let me add to that the fact that I
4 wasn't privy to the conversations between Sporkin and
5 McMahon. I have not talked to John McMahon on this at all.
6 My best recollection is and the way it was characterized was,
7 what should we do. I recognize that there seems to be some
8 difference of opinion as to whether or not Mr. McMahon asked
9 Mr. Sporkin, or suggested to Mr. Sporkin that a finding was
10 needed. ²

11 I can't be helpful on that because I have no
12 recollection nor did I participate in any conversation that
13 might reflect on that issue.

14 Q What were the factors that the attorneys at this
15 meeting considered as weighing in favor of requiring a covert
16 action finding?

17 A Whether or not the activities met the statutory
18 requirements, that is, whether or not these activities were
19 non-intelligence collection activities, and whether or not
20 they were of such a nature as to in fact involve the
21 employees of CIA as opposed to non-agency employees. ⁷

22 Q Was there any additional concern about the
23 political sensitivity of what was being undertaken and,
24 therefore, a greater concern to try to dot all the "i's" and
25 cross all the "t's"?

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1 A I can't associate a heightened political concern
2 with this particular meeting and the activities that same
3 day in our office. I know that certainly became a point of
4 importance over the next few weeks as this -- and months -- as
5 this continued, that our office continued to deal with the
6 matter. I can't associate heightened political concern on
7 November 25th, 1985.

8 Q In any event, at some point during the evolution
9 of this Iran arms transaction it became clear to you that
10 there was a high -- to put it colloquially -- flak potential--

11 A Yes --

12 Q -- for this initiative; is that right?

13 A I think that was of -- when you use that term, I
14 would suggest that that was a concern even that first day.

15 Q And what do you mean by that?

16 A That is, there was a very sensitive operation; few
17 people were to know about it. And if it was to be done and
18 be successful, it had to remain a very tightly guarded
19 secret.

20 Q In addition to just operational security, there
21 would also have been a large political problem if this came
22 out; is that right?

23 A I think that's correct.

24 Q Was there any discussion at this first meeting among
25 the lawyers as to whether or not the finding being discussed

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1 would call for notification of Congress?

2 A I can't remember whether or not we discussed it
3 on the evening of 25 November or not. I now have no
4 recollection of discussing that particular point on that
5 evening.

6 Q In any event, at some point was the subject of
7 congressional notification discussed?

8 A It was.

9 Q And this is in either that evening or the following
10 day?

11 A Well, it could be, I don't have any independent
12 recollection of precisely when it was discussed.

13 Q When it was discussed, what was the nature of the
14 discussion?

15 A My recollection is we thought that certainly could
16 be an option that the President could choose to make. It
17 would obviously have to be a presidentially directed
18 construction. It couldn't be unilaterally made by the
19 General Counsel or the DCR, anybody less than the President,
20 in our judgment.

21 Q Do you know who raised the subject of
22 congressional notification?

23 A No, I have no recollection who may have raised
24 that.

25 Q At this meeting, was specific language for a

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pg end

1 finding discussed?-- and I'm going back again to the meeting
2 among the four lawyers on the 25th of November.

3 A I don't have any recollection of talk of word-
4 smithing anything at that point. My recollection was we
5 talked about the activities themselves that had occurred and
6 concluded that a finding should be prepared and that Mr.
7 Makowka was assigned that task.

8 I don't have an independent recollection of anybody
9 saying, well, should we use these words or these words or
10 those words. I don't have any recollection of those kinds of
11 discussions taking place the evening of the 25th of November.

12 Q Do you have any recollection of Mr. Sporkin
13 dictating something to his secretary that evening?

14 A No.

15 MR. CAROME: Would you mark this as an exhibit,
16 please? I will just call it ED-1.

17 (A document was marked
18 Deposition Exhibit ED No. 1
19 for identification.)
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1 BY MR. CAROME:

2 Q Mr. Dietel, I show you what has been marked as
3 Exhibit 1 to this deposition, and ask if you recognize what
4 that is?

5 (Witness perusing document.)

6 THE WITNESS: I don't know that I've ever seen
7 this before. I can speculate as to what it is from --

8 BY MR. CAROME:

9 Q First of all, why don't I ask you, do you know --
10 it says at the top, "From [REDACTED] shorthand notes 25 November
11 1985." Do you know what [REDACTED] refers to?

12 A That's Mr. Sporkin's secretary, [REDACTED].

13 Q How does she spell her last name?

14 A [REDACTED]

15 Q Is it possible that Mr. Sporkin dictated this
16 sometime on that evening to his secretary?

17 A It's possible.

18 Q But you don't recall that having happened?

19 A No.

20 Q Is the contents of these shorthand notes in
21 concurrence with your understanding of the nature of the
22 discussion among the four lawyers that night?

23 A I have no recollection of sitting down with a
24 piece of paper that night and focusing on specific language
25 of the finding. I'm not saying it didn't occur. I say --

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1 my point is I have no independent recollection at this point
2 of having something in hand that evening.

3 In fact, I have the opposite recollection. I
4 have the recollection that we, as I've already described,
5 talked about the briefing that we had just received and left
6 Mr. Makowka with the task of coming up with language.

7 Q At that meeting among the four lawyers on the
8 25th was there any discussion about whether a direction
9 should be given that no further flights take place without
10 further notice from the Office of General Counsel?

11 A No, I don't have any recollection of such a
12 discussion or a decision to issue such an order.

13 Q Was there a sense of urgency that a finding be
14 gotten, drafted and on the record at that point?

15 A Yes.

16 Q Do you know where that sense of urgency emanated
17 from?

18 A Well it emanated from Mr. Sporkin. Mr. Sporkin
19 felt we ought to do something as quickly as possible. That's
20 why he had a meeting with the people that had some expertise
21 in this and why he set this in motion as quickly as possible.
22 And his idea was, to the best of my recollection, to have
23 something immediately that he could put forward.

24 Q Do you recall whether Mr. Sporkin's urgency was
25 focused more on the planned additional flights or was it

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1 focused on the fact that the weekend activity had already
2 transpired?

3 A I believe he was thinking that this total effort,
4 as the effort that had started and was in our understanding
5 going to continue, needed a finding in order to have a basis
6 to proceed. So he obviously didn't want to have a legal
7 impediment to that and set forth doing what he thought was
8 required, which was to produce a finding that could cover
9 this, the entirety of this activity.

10 Q Both past and future, is that right?

11 A Correct.

12 Q During this meeting among the four lawyers was
13 there any discussion at all of CIA assistance to obtain
14 overflight rights over any foreign country such as either
15 [REDACTED] or any other country?

16 A I have no recollection of that. I have
17 subsequently learned that there was some -- there was some
18 activities in that area, but I cannot associate nor do I have
19 any recollection of their being discussed on 25 November.

20 Q Was it primarily the flight activity by the CIA
21 proprietary airline that was, in your mind, driving the need
22 for a finding?

23 A Yes.

24 Q And you don't recall the question of overflights
25 and overflights assistance being a factor in the decision

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1 that a finding was needed?

2 A No.

3 Q How long did this meeting among the four lawyers
4 take?

5 A I would guess maybe a half an hour. That's the
6 best I could narrow it down at this point.

7 Q So about what time of day would that be, by the
8 time this meeting was getting underway?

9 A Well that was later in the evening, maybe 6:00
10 to 6:30.

11 Q And how did the meeting end? On what note?

12 A The meeting ended with the tasking of Mr.
13 Makowka to draft the finding that we all agreed was
14 appropriate.

15 Q Why was Mr. Makowka selected to do this task?

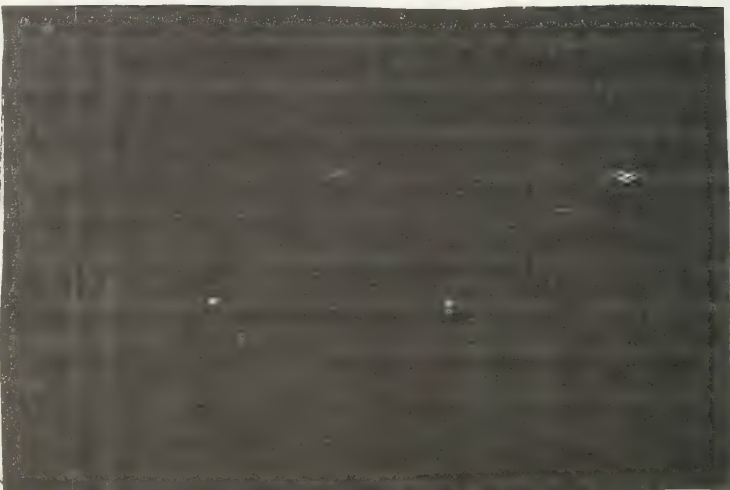
16 A I can't have any specific recollection of that,
17 and I've tried to think about that since because normally
18 it would have been Mr. Clarke. That he's the individual
19 that was most heavily involved in the legal support to
20 covert activities.

21 On the other hand, Mr. Makowka had recently
22 become involved in [REDACTED] and the legal
23 problems associated with that, so that may well have been the
24 reason. But I don't know that I focused on that and have any
25 specific recollection and specific answer to your question.

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Q Do you know whether Mr. Makowka had ever worked on the drafting of a finding before?

A I don't know if he had or not.

Q As far as you know, he might never have been involved in the drafting of a finding before?

A He may never have been.

Q Did Mr. Clarke --

A Let me put it this way: I know of no finding that he had ever been involved with.

Q And Mr. Clarke typically was the main person involved in the drafting of findings, is that right, at this time?

A I'm not sure I can say the main person. He was the primary person at our offices in [REDACTED] who

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1 had the most expertise on that subject.

2 As you probably know, we have a lawyer who
3 resides at headquarters who also has expertise in that area.
4 So that is why I'm distinguishing between somebody at our
5 main offices in [REDACTED] as opposed to the very
6 few lawyers that we have at our main headquarters building.

7 Q And at that time that was Mr. Mayerfeld, this
8 other individual; is that right?

9 A Correct.

10 Q And that was someone whose work Mr. Clarke
11 supervised, is that right?

12 A I'm not sure that you could -- he had no formal
13 supervisory responsibilities for Mr. ~~Mayerfeld~~ ^{Mayerfeld}.

14 Q In any event, Mr. Makowka is told by Mr. Sporkin
15 that he is going to do the initial work on drafting a finding,
16 is that right?

17 A That's my recollection.

18 Q And then what happens?

19 A Then we all leave, with the exception of Mr.
20 Makowka.

21 Q And was it your understanding that Mr. Makowka
22 was to finish drafting a finding overnight?

23 A I'm not sure that I would say that he was to
24 finish. I think the expectation was, maybe unsaid, but the
25 expectation was Mr. Sporkin wanted to begin looking at

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1 language by the following morning. And so the expectation
2 was Mr. Makowka would pen the paper and have something for
3 Mr. Sporkin to begin dealing with the next day.

4 Q What happened on this subject the following
5 morning?

6 A I don't have any recollection of that. I
7 understand there was a meeting. I can't remember being
8 involved in that. I have no recollection of being involved.
9 I may have but I don't have any recollection of it.

10 MR. CAROME: Can we mark this No. 2 and 3.

11 (The documents were marked
12 Deposition Exhibit ED Nos. 2
13 and 3 for identification.)

14 BY MR. CAROME:

15 Q Mr. Dietel, I show you what has been marked as
16 Exhibit 2. It is stamped "Draft" at the top and appears to
17 be a draft covert action finding. And I ask if you have ever
18 seen that document before?

19 A I've seen documents that resemble this.

20 Q Do you recall seeing that on Tuesday, November
21 26th?

22 A No.

23 Q If I could just go back to the meeting the night
24 before among the four lawyers.

25 A Um hum.

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1 Q What was said on that subject about the subject
2 of hostages?

3 A I can't associate that subject being discussed
4 that night. I just don't have a recollection of that being
5 discussed.

6 Q Did it seem at that meeting among the four lawyers
7 that Mr. Sporkin had additional information about what was
8 going on above and beyond that that he had received from the
9 two briefers?

10 A I didn't have that impression.

11 Q I will show you what has been marked as Exhibit 3.
12 It is a two-page document. One is a memorandum dated
13 November 26th for Admiral Poindexter, and it is signed by
14 William J. Casey, and attached to it is a covert action
15 finding. And I ask if you have seen that document before;
16 and if so, when you saw it first?

17 A I have seen this document. I have no recollection
18 of seeing it in 1985. My recollection is seeing it sometime
19 in the November-December time period in 1986.

20 Q Exhibit 1, Exhibit 2 and Exhibit 3 -- all
21 contain references to the ratification of acts that had
22 already taken place. Do you recall any discussion on that
23 subject either on the evening of November 24th or at any
24 other time?

25 A That was a subject of discussion. Exactly when

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1 the ratification theory was first brought up, I have no
2 specific recollection. It was in that time period discussed
3 with the idea that that might -- that might be a legal
4 theory to support that which had already occurred.

5 Q Is it possible that that subject was discussed
6 on the evening of November 25th?

7 A It's possible.

8 Q Do you have a recollection whether or not it was?

9 A No.

10 Q What was said on the subject of ratification
11 when it was discussed? Whose idea was it?

12 A I have no recollection of an individual
13 proposing the idea. The discussion of a theory is -- would
14 be whether or not it would have any legal validity.

15 Q And what was said on that point?

16 A I think those that were involved in the discussion
17 agreed that it may have a legal basis and there would be no
18 harm in trying to use that as a theory to cover that which
19 had already occurred.

20 Q And when you say cover, what is the purpose or
21 effect of the ratification?

22 A I'm sorry, I don't understand your question.

23 Q What was the purpose or effect of including a
24 ratification clause in the ²finding?

25 A Well, the theory was that the President not only

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1 could approve that which is going to occur but that which had
2 occurred. And that was the legal basis on which the
3 ratification theory was proposed.

4 Q You said that the subject of notification of
5 Congress was raised either at the first meeting among the
6 four lawyers or around that same time. Do you recall what
7 was said on that subject once it finally was out on the
8 table?

9 A My only recollection was that, as I've already
10 explained, that that would have to be a decision that only
11 the President could make.

12 Q Was there any discussion to the effect that this
13 was an instance where notification properly ought not to be
14 made?

15 A I have no recollection of that kind of
16 discussion occurring.

17 Q What is your first recollection of anything
18 having to do with this arms-to-Iran matter after the meeting
19 among the four lawyers on the evening of November 25th?

20 A The only other recollection I have was at some
21 point thereafter Mr. Sporkin may have described subsequent
22 events at a meeting or meetings which I was in -- which I
23 was present. I can't be any more specific than that. I
24 have no way to pinpoint when that might have been, but the
25 best I can recall it would have been in the next month or two.

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1 Q That would be December of '85 or January '86?

2 A Correct.

3 Q And what do you recall Mr. Sporkin saying on
4 this subject?

5 A I don't have a vivid recollection of any
6 specifics. As I've already mentioned, it may have been that
7 in the later meeting or meetings he may have been more
8 specific in terms of numbers and the fact that I may now have
9 that confused with the November 25th, 1985 briefing.

10 I can't be any more helpful than that because I
11 just can't sort out the details of those specifics and
12 precisely when I learned them.

13 Q Let me see if I can sort out a few things. Did
14 you ever find out or where you ever told or did you ever
15 learn that the finding that you had discussed in late
16 November had been signed?

17 A Yes; but that was in the November 1986 time
18 period.

19 Q And in November '86 you learned that the finding
20 had been signed, is that right?

21 A I learned that a finding had been signed.

22 Q Did you connect that with the November '85
23 finding?

24 A I learned in the November 1986 time period that
25 John McMahon had written a memo of the record on, I believe,

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1 the 5th or so of December reporting that he had been told that
2 a finding was signed.

3 Q Do you recall --

4 MR. CAROME: Why don't I just mark that memo as
5 an exhibit?

6 (A document was marked

7 Deposition Exhibit ED No. 4

8 for identification.)

9 BY MR. CAROME:

10 Q Mr. Dietel, here is what has been marked as
11 Exhibit 4, and I ask if that is the memorandum you are
12 speaking about?

13 A It appears to be.

14 Q Did you see that at around the time it was
15 written?

16 A No.

17 Q You didn't see that until November 1986 or so,
18 is that right?

19 A Correct.

20 Q In paragraph 3 of that Exhibit 4 there is a
21 reference to -- "He informed me later that night that a
22 finding would be required," referring to Sporkin.

23 Does that refresh your recollection as to whether
24 or not a phone call was made to McMahon that evening?

25 A I have no recollection of him calling McMahon

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1 that evening. I'm not disputing that there may have been a
2 phone call, I have no recollection of one.

3 Q In any event, in the late '85, early '86 time
4 period you did not hear anything about a finding being signed;
5 is that right?

6 A I have no recollection of that in that time
7 period.

8 Q In the January 1986 time period, were you aware
9 that additional findings were being drafted and/or signed?

10 A I only knew, without any great importance being
11 placed on it, that Mr. Sporkin was at the White House working
12 on this general subject. I'm not sure I can be any more
13 specific in my recollection than that.

14 Q Do you understand that Mr. Sporkin was working
15 with Oliver North at that time period?

16 A I'm not sure I knew the particular participants
17 at the time. I cannot identify any specifics that would lead
18 me to that conclusion that were associated with the January
19 1986 time period.

20 Q Were you contemporaneously aware that two lawyers
21 in the Office of General Counsel, a Mr. Roseman and a Mr.
22 Call, were working on a draft finding on the subject of Iran
23 in very early January 1986?

24 A I'm not sure I knew that at the time, and
25 certainly didn't focus on it. They would have been the

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1 logical persons if Mr. Makowka would have been absent.

2 Certainly Mr. Roseman.

3 Q During 1986 and before November 1986, were you
4 aware that the Central Intelligence Agency was involved in
5 shipments of missiles and other military hardware to Iran?

6 A Repeat the time period you're interested in,
7 please.

8 Q At any time prior to the public disclosure of
9 the Iran episode, during 1986.

10 A During 1986? Was I aware?

11 Q Of any shipments involving the CIA of missiles
12 or military equipment to Iran.

13 A Only what we've been discussing.

14 Q Only what you learned about in November, is that
15 what you're saying?

16 A No. I said that there were further discussions
17 over the next several months about this general matter. I
18 do not recall with any greater specificity when that might
19 have been, only to have a fairly certain recollection that
20 it was over the next two months or so.

21 Q Prior to the public disclosure of this episode
22 we've been discussing did you ever learn anything relating to
23 the subject of diversion of funds from the Iranian arms
24 transactions to anyone?

25 A No.

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1 Q When Mr. Sporkin left the Agency to go to the
2 Federal bench and he was succeeded by Mr. Doherty, do you
3 know whether or not Mr. Doherty was briefed at all on these
4 Iranian arms transaction issues?

5 A No.

6 Q You don't know whether or not he was?

7 A I do not know whether he was or not.

8 Q Did you ever discuss these matters with Mr.
9 Doherty?

10 A Subsequent to the public disclosures?

11 Q Prior to the public disclosures? Let me ask you
12 that first.

13 A I have no recollection of any such discussions.

14 Q What was your involvement after the public
15 disclosure of the Iranian arms transactions in the CIA's
16 response to the disclosure?

17 A My first involvement was I was called on a
18 weekend, I guess it was the weekend of 20-something November,
19 and asked to come to the Agency and explain my recollections
20 to several people that were in the General Counsel's Office;
21 and among those people were Mr. Doherty, Mr. Makowka, Chuck
22 Cooper from the Department of Justice, one of his employees,
23 and there may have been others in the room.

24 Q Do you recall the date of that meeting?

25 A No. I could guess. It must have been over the

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1 weekend of 22-23 November. I believe that was the weekend.

2 Q That would have been following Director Casey's
3 testimony on the Hill on the subject?

4 A I guess it would have if that occurred on the
5 21st. Did that occur on the 21st?

6 Q I believe it did.

7 Prior to Director Casey's November 21st testimony
8 on the Hill, were you involved in discussions about what had
9 transpired in the area of the Iranian arms transactions?

10 A I may have been. I don't have a specific
11 recollection of those discussions or involvement at this
12 point.

13 Q Returning for a moment to the January 1986
14 time frame, do you have any recollection of hearing of the
15 involvement in these matters of Richard Secord?

16 A No.

17 Q Do you recall any discussions on whether or not
18 the Iranian arms transaction should include a third-party
19 agent or a middleman or a commercial cutout?

20 A My only recollection about the term "third party"
21 was in my mind I had it associated with Israel.

22 Q What do you mean by that?

23 A That is, that that was a term being used for
24 their participation.

25 Q At what point do you understand or do you recall

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1 that subject coming up?

2 A In the November 1985 time period. It was private
3 parties. Private parties.

4 Q And that was language included in the finding
5 drafted over November 25th and 26th, is that right?

6 A Yes.

7 Q Do you recall why that language was included in
8 the finding?

9 A My recollection was to minimize any political
10 sensitivity in terms of that country being involved in this
11 effort. That's my recollection.

12 Q So that third parties or private parties will be
13 referred to rather than the country of Israel?

14 A That's my recollection.

15 Q Did it occur to you at the time that that was a
16 somewhat misleading description of the way the transaction
17 was being structured?

18 A No, it didn't.

19 MR. FEIN: Would third parties include Al
20 Schwimmer?

21 THE WITNESS: The word "third parties" was not
22 used.

23 MR. FEIN: Private parties?

24 THE WITNESS: I don't know -- I don't know of
25 that individual. I don't know who that is. 00282

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1 MR. FEIN: He was a private businessman in Israel
2 who, in conjunction with Ghorbanifar, initiated the Iranian
3 arms deals with the United States.

4 THE WITNESS: Well, I ^{have} ~~had~~ no recollection of that
5 name.

6 BY MR. CAROME:

7 Q Am I correct that you never saw any of the
8 findings that were drafted or signed in January '86 on the
9 subject of Iranian arms transactions until the story broke in
10 the press? ,

11 A I can't say I never saw a draft of the ² finding.
12 I certainly never saw one that was signed until, until the
13 time you're speaking about; that is, until after it broke in
14 the press. I never saw one that was signed. I can't say I
15 never saw one of these drafts somewhere along the way in the
16 November time period.

17 Q I was speaking of the January 1986 time period.

18 A I have no recollection of seeing or being
19 associated with specific language of drafts in the January
20 time period at all.

21 Q Do you recall at any time in the discussion of
22 this matter Mr. Sporkin directing that no copies of the
23 finding or findings be kept at the Agency?

24 A I have a very vague recollection of that type of
25 instruction in November 1985.

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38

1 Q Do you recall that type of instruction having been
2 given with respect to any other finding that you've known
3 about, or is this unique in that respect?

4 A I don't know of any other such instruction, but
5 I'm not an expert on all the findings nor have I seen any
6 great number of them or been involved in them. So I can't
7 say one way or the other that this is unique, or would be
8 unique.

9 Q Is there any institutionalized manner in which
10 someone at the CIA monitors a finding for which there has
11 been a Presidential instruction that there be no notification
12 of Congress for the purpose of deciding when it is that
13 Congress should be notified?

14 A Not to my knowledge.

15 Q Is there any person who has that responsibility
16 at the Agency?

17 A Not to my knowledge.

18 Q Aside from the particular shipment or shipments
19 of missiles that we have already discussed, do you know
20 whether or not the CIA Office of Legal Counsel been called
21 upon for advice on the subject of delivery of military hardware
22 and military materiel to Iran by the CIA proprietary airline?

23 A Repeat the question, would you, please?

24 Q Aside from the matters of shipments to Iran that
25 we have already discussed, do you know whether or not the

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39

1 Office of Legal Counsel has been asked for advice on
2 deliveries by these -- the or a CIA proprietary airline of
3 military materiel to Iran?

4 A I do not.

5 Q You're not familiar with that subject coming up
6 other than in the context we've been discussing about this
7 morning?

8 A I'm familiar with the subject coming up. Whether
9 it came up in terms of our office being involved in requests
10 for opinions on the subject is one I'm not familiar with,
11 those kinds of requests. I am vaguely familiar with the fact
12 that there may have been some other support that the
13 proprietary did only after learning about and reading what
14 has been in the press and been part of our own internal
15 investigation.

16 What I'm not -- what I'm trying to answer for you
17 is whether or not I knew of any legal requests coming in on
18 those subjects contemporaneous with the events occurring,
19 which I understood was the point of your question, and I do
20 not know of any such.

21 Q What has been discussed on that subject more
22 recently?

23 A Oh, I have some vague recollection that there were
24 either requests for or support to the May flights, but this is
25 all information that's either been in the press or in

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1 investigations. I have no contemporaneous recollections of
2 any of this at the time the events were occurring.

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8 MR. CAROME: I'm just about done.

9 (A document was marked
10 Deposition Exhibit ED No. 5
11 for identification.)

12 BY MR. CAROME:

13 Q Mr. Dietel, I show you what has been marked as
14 Exhibit 5, it is a page out of Stanley Sporkin's desk
15 calendar, at least that's what I understand it to be, and for
16 the date November 25th, 1985.

17 There is a 2:30 entry and I'm having difficulty
18 reading the subject of the entry, and I'm wondering if by any
19 chance you can help me with what that says.

20 A 2:30 entry?

21 Q Yes. It looks like it flows into 2:45, what is
22 written.

23 A It says, "Meeting with the DDCI re homosexuals,
24 10 minutes."

25 Q Okay. Do you know what that refers to? Do you

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41

1 know whether or not that has anything at all to do with the
2 Iran transactions?

3 A I do not.

4 MR. FEIN: That was another flaw in Ghorbanifar's
5 character.

6 MR. CAROME: Actually, I had no idea that that's
7 what that said, but now that you read it that's what it looks
8 like.

9 I don't have any other questions.

10 MR. BARBADORO: I have some. Do you want to ask
11 yours?

12 MR. FEIN: I just have one question.

13 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

14 BY MR. FEIN:

15 Q In your experience was it unprecedented that a
16 middleman of the type of Secord and Hakim would sell arms
17 that were obtained from the CIA and a so-called profit or
18 markup as a part of their covert operations?

19 A I don't have enough experience with all the kinds
20 of things we do in this area to make a judgment. I have no --
21 I have no other example of that happening. I know of no such
22 example of that happening.

23 MR. FEIN: That's all I have.
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42

1 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

2 BY MR. BARBADORO:

3 Q Mr. Dietel, what did you do to prepare yourself
4 for this deposition today?

5 A I did nothing.

6 Q You didn't review any documents?

7 A No.

8 Q You didn't discuss this, your proposed testimony
9 with anyone?

10 A That's correct.

11 Q You didn't discuss it with Mr. Sporkin or with
12 anybody at the Central Intelligence Agency?

13 A I did not discuss it with Mr. Sporkin. I
14 discussed it with these two gentlemen coming down in a very
15 general way, nothing in particular about any particular
16 events.

17 Q Do you keep a calendar of your meetings?

18 A I have a calendar.

19 Q And you didn't review that calendar before coming
20 down here today?

21 A I did not.

22 Q Do you ever make notes of any meetings that you
23 attend?

24 A I do.

25 Q Do you know whether you made any notes of any of

UNCLASSIFIED

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43

1 the meetings that have been referred to in this deposition
2 today?

3 A I do.

4 Q Did you keep those notes?

5 A I didn't make any notes.

6 Q Oh. I misunderstood.

7 A You asked if I knew if I made any notes.

8 Q Thank you for being so precise.

9 You did not make any notes of any of these
10 meetings?

11 A I did not.

12 Q Do you keep working files on subjects that are of
13 concern to you?

14 A Yes.

15 Q Did you keep any files on these matters?

16 A No.

17 Q Could you describe for me what your job entailed
18 when Mr. Sporkin was General Counsel?

19 A Yes. When he became General Counsel I continued
20 to function as the second deputy in the office, which I had
21 been under the previous General Counsel, and the title of that
22 job was the Associate Deputy General Counsel, and the
23 function of that official or that officer was to be the
24 managing attorney in the office, to be responsible for the
25 management of the office in personnel matters, making sure we

UNCLASSIFIED

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44

1 had the right staffing and it was distributed correctly,
2 and spending a lot of time on management issues.

3 I continued in that capacity as Associate Deputy
4 General Counsel until the then Deputy General Counsel was
5 reassigned to another position in the Agency.

6 Q When was that?

7 A In the spring of '82, I guess. And at that point
8 I assumed the job of the Deputy General Counsel, but
9 continued to spend most of my time on the same issues I had
10 as the Associate Deputy General Counsel; that is, as the
11 managing attorney in the office.

12 Q And you continued in that role during the entire
13 time that Mr. Sporkin was General Counsel?

14 A Correct.

15 Q How frequently did you meet with Mr. Sporkin?

16 A Very frequently.

17 Q What is the proximity of your office to his?

18 A Next door.

19 Q Do you each have your own secretary?

20 A Correct.

21 Q Do you feel that you had Mr. Sporkin's trust?

22 A Yes.

23 Q Did Mr. Sporkin keep you informed of what was
24 going on in the office?

25 A Generally.

UNCLASSIFIED

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45

1 Q Were there things that Mr. Sporkin was involved
2 in that he would deliberately not tell you about?

3 A Not to my knowledge. You need to understand that
4 there's two important facts. I spent most of my time on
5 matters that I was responsible for solving; and, two, I had
6 to be prepared to be the Acting General Counsel when he
7 wasn't there.

8 Now he was not absent very frequently, so I did
9 not have to spend much time making sure that I knew how to
10 deal with a particular matter in his absence. He traveled
11 very little and he was there 99 percent of the time, so I did
12 not concern myself with this second responsibility as much as
13 I would have had he been absent more frequently.

14 Q It strikes me that your memory about these events
15 is spotty, to say the least.

16 A It is?

17 Q ~~Is~~ there any document available that would be
18 helpful to you in refreshing your recollection that you have
19 not reviewed?

20 A Not to my knowledge.

21 Q Did you play any role in [REDACTED]
22 [REDACTED]

23 A I have [REDACTED] primarily when
24 Mr. Sporkin either wasn't available or was absent; and that
25 being very infrequently, I didn't routinely do that. I didn't

UNCLASSIFIED

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46

1 review them necessarily on their way to him. In other words,
2 I wasn't the filter.

3 Q You anticipated my next question.

4 A I wasn't the filter of everything that went to
5 Stan Sporkin.



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25 Q Have you ever met or spoken with Colonel North?

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47

1 A Never.

2 Q Have you ever spoken with Charlie Allen?

3 A Yes.

4 Q Did you speak with Charlie Allen during the fall
5 or winter of 1985?

6 A No.

7 Q Did you ever see Colonel North visit Mr. Sporkin
8 at his offices?

9 A No.

10 Q Did you ever see Charlie Allen visit Mr.
11 Sporkin's offices during the fall or winter of 1985?

12 A Not that I can recall.

13 Q Your first memory of having any knowledge or
14 association with the Iran arms initiative was on November 25,
15 1985, then; is that right?

16 A Correct.

17 Q And I just want to review that day briefly with
18 you to find out what you can remember and what you can't
19 remember.

20 You can remember being asked to sit in on a
21 meeting with Stanley Sporkin sometime on the evening of the
22 25th; correct?

23 A Correct.

24 Q And you remember that that meeting was attended,
25 in addition to you and Mr. Sporkin it was attended by two

UNCLASSIFIED

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48

1 members from the CIA [REDACTED]?

2 A Correct.

3 Q And you do not remember the names of the two
4 individuals?

5 A I do not remember the names of the individuals.

6 Q And you remember that the meeting was called
7 because Mr. McMahon had expressed some concern to Mr. Sporkin
8 about something that had happened at the CIA during the
9 previous weekend?

10 A Correct.

11 Q You can remember that that something had something
12 to do with the use of a CIA proprietary?

13 A Correct.

14 Q And that that something concerned the use of the
15 proprietary to transport missiles?

16 A Correct.

17 Q Do you recall learning that that concern about
18 the proprietary and the missiles -- strike that.

19 Did you learn about the missiles before the meeting
20 from Mr. Sporkin or during the meeting from the [REDACTED]
21 officials?

22 A I can't recall that fine distinction. I can't
23 recall whether Mr. Sporkin described what he knew or had been
24 told when he asked me to come to the meeting. I have no way to
25 sort that out.

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49

1 Q You cannot remember whether any reference was made
2 to the National Security Council during the meeting; correct?

3 A I have no recollection of that reference.

4 Q And you cannot remember whether Colonel North's
5 name was mentioned during the meeting; correct?

6 A Correct.

7 Q You cannot remember whether Richard Secord's
8 name was mentioned during the meeting?

9 A Correct.

10 Q You cannot remember whether the subject of
11 hostages was discussed during the meeting?

12 A No. But I want to make sure that I'm clear that
13 it's my recollection that the subject of hostages was
14 discussed in this time period. I can't be precise as to
15 whether or not that subject was mentioned at the meeting
16 because the meeting was focused on what these two [REDACTED]
17 people knew that had transpired in terms of the shipment
18 itself. That was the focus of the meeting, what had actually
19 happened in terms of their knowledge of what had been shipped
20 and where and so on.

21 Q So you think hostages were discussed at some
22 point that day but you don't remember whether it was discussed
23 during this meeting?

24 A That's correct.

25 Q Do you remember whether anybody said where the

UNCLASSIFIED

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50

1 missiles were transported from and to by the proprietary?

2 A I can only describe to you again my reconstructing
3 my recollection in November '86. And my recollection was
4 that -- I have the recollection of being told that missiles
5 were taken to Israel, off-loaded and other missiles in their
6 place were substituted -- if you will, traded -- and those
7 then were taken to Iran. That's my recollection.

8 Q So that I'm clear, you're saying that the CIA
9 proprietary was used to transport missiles from somewhere to
10 Israel and that those missiles were off-loaded and that other
11 missiles were loaded onto the proprietary and that then the
12 proprietary was used to transport those missiles from Israel
13 to Iran?

14 A That's my recollection.

15 Q And you recall that being discussed at this
16 meeting with you, Mr. Sporkin and the two members from the
17 CIA [REDACTED]?

18 A That's the best I can reconstruct what was
19 described at that meeting.

20 Q You do not recall what kind of missiles were being
21 shipped, do you?

22 A I didn't, I didn't -- and I'm not a missile
23 expert, and I'm not sure if I was told I would know one from
24 the other. I don't have a recollection.

25 Q Do you recall whether they were missiles

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UNCLASSIFIED

51

1 manufactured in the United States?

2 A No.

3 Q And you don't recall whether the missiles were
4 transported from the United States to Israel, do you?

5 A As I've already said, I have no recollection of
6 the origin of that original shipment to Israel. It may have
7 been discussed, I just don't remember.

8 Q Do you remember whether there was any discussion
9 about what the purpose of this shipment was?

10 A Not at the meeting.

11 Q Do you recall any discussion about who had
12 authorized the use of the proprietary?

13 A No.

14 Q And you don't recall any discussion at the meeting
15 about obtaining overflight clearances?

16 A No.

17 Q And you don't recall any discussion at the
18 meeting about Dewey Clarridge?

19 A No.

20 Q Immediately following this first meeting there
21 was a second meeting with you and Mr. Sporkin; correct?

22 A Correct.

23 Q And that was attended by Mr. Makowka and Mr.
24 Clarke?

25 A Correct.

UNCLASSIFIED

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52

1 Q And the purpose of that meeting was to review
2 what you had learned during the previous meeting and to
3 determine whether the activity required a finding?

4 A What should be done, I would characterize it.

5 Q Okay. And at this second meeting a conclusion
6 was reached that the activity that was described to you
7 required a finding; correct?

8 A That was our legal judgment; yes.

9 Q Do you know, do you remember who it was that
10 first came to that conclusion?

11 A I don't remember that.

12 Q In any event, you recall that it was your
13 conclusion as well as the conclusion of the other lawyers
14 who were at that meeting?

15 A Correct.

16 Q Could you tell me why you thought a finding was
17 required here?

18 A Because this activity was not an intelligence
19 collection activity. It was something other than that, and
20 it seems to me that's what the language of the statute that
21 establishes the requirement for a finding mandates.

22 Q If the CIA proprietary were used to transport
23 oil drilling equipment from, let's say, hypothetically, the
24 United States to Spain. Would that require a finding, in
25 your judgment, if it were done solely on behalf of people

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53

1 unconnected to the United States?

2 A Probably not.

3 Q In fact, the proprietary is used all the time by
4 private parties to haul any number of things, and a finding is
5 not obtained; correct?

6 A That is correct.

7 Q If the proprietary were used to fly something
8 into Iran by private parties or by other governments other
9 than the U.S., and it were totally unconnected to any U.S.
10 initiative, would you have concluded that a finding were
11 required?

12 A I'd probably want to know what was being
13 transported.

14 Q If it were something other than missiles or
15 military equipment, if it were oil drilling equipment, for
16 example, would you have felt that a finding would have been
17 required?

18 A I'd probably have to look into whether or not
19 there were any other restrictions on dealing with that
20 country or not.

21 Q Again, my assumption is still that these are
22 parties unconnected with the United States Government that
23 are going to use the proprietary. Would that make a
24 difference in your mind?

25 A Yes.

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54

1 Q Would you say that if the people who are using
2 the proprietary to transport equipment to Iran were totally
3 unconnected with the United States Government that it would
4 not require a finding?

5 A No. I would want to know if there were any
6 restrictions on dealing with that particular country. In
7 other words, if there were restrictions on trading with that
8 particular country, I don't believe that we could sanction,
9 knowingly at least, our proprietary doing that for private
10 parties.

11 Q Okay. You were aware in 1985 that there were
12 restrictions on the sale of U.S. military equipment to Iran
13 by any country, weren't you?

14 A I was not.

15 Q You were not? All right.

16 Well, tell me, in this case what -- what I'm
17 getting at with these questions is to try to determine what
18 it was in your mind that caused you to come to the conclusion
19 that a finding was required in this case since you do not
20 recall any discussion about the U.S. Government being
21 connected in any way to this initiative --

22 A The U.S. Government was connected with this
23 initiative.

24 Q -- other than by the use of the proprietary.

25 A That's enough.

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55

1 Q Could you explain to me what it was that in your
2 mind triggered the requirement of a finding here?

3 A Our Agency was involved in supporting this
4 activity.

5 Q Let me give you an example. Our search of your
6 records have shown that the proprietary was used [REDACTED]
7 [REDACTED] and there was no
8 finding obtained.

9 Would you say that that was a violation of law?

10 A I can't make a judgment on that without doing
11 some research in terms of what the restrictions are in terms
12 of dealing with Iran. I don't know the answer to --

13 Q Well, in your mind what was the difference between
14 what I've just described to you and the shipment, [REDACTED]
15 [REDACTED] using the CIA proprietary, and the
16 shipment in November of missiles which you concluded required
17 a finding?

18 A I guess there was some understanding, and I can't
19 be any more specific than saying it in that way, that this
20 was part of a Government-supported program. In other words,
21 it was not some, merely some private party shipping apples
22 somewhere.

23 Q And it was a Government-supported program in some
24 way more than merely having the proprietary used; correct?

25 A Correct. In other words, it was not some private

~~UNCLASSIFIED~~

UNCLASSIFIED

56

1 party getting apples in Washington and shipping them to Iran.

2 Q I'm doing this to try to jog your memory because
3 it seems to me that there must have been some discussion at
4 this meeting about how this was in some way more of a
5 Government operation than merely the use of the proprietary.

6 A What meeting are you speaking of?

7 Q I'm speaking of the second meeting on November 25,
8 1985, where you concluded that a finding was required.

9 A I can't be more helpful to you, other than to say
10 I think it was clear at that point that the activities were
11 in support of a Government effort with respect to the
12 hostages. It was a Government effort. It wasn't some just
13 private parties trying to get the hostages out.

14 Q So by the second meeting, you are quite sure that
15 the subject of hostages did come up?

16 A At least in that day-or-so time period.

17 Q Well, if it --

18 A I understand what you're asking but --

19 Q If it played a role in your decision that a
20 finding was required, it had to have come up at least by the
21 time of this meeting; correct?

22 A I understand. Yes.

23 Q And you would agree, then, that it must have come
24 up, wouldn't you?

25 A It must have come up.

UNCLASSIFIED

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57

1 Q And it was your understanding, then, wasn't it,
2 that this initiative involving the transportation of missiles
3 in some way was connected with the release of the hostages in
4 Lebanon?

5 A Um hum.

6 Q Can you give me any more information about how you
7 thought it was connected with the release of hostages in
8 Lebanon?

9 A I just don't have any other specific events or
10 matters of discussion that I can share with you. I don't
11 have any recollection that's that specific.

12 Q How about general? Is there anything else that
13 you can tell me about how this exchange of missiles was
14 connected with the release of hostages?

15 A Well, that was to me a primary or certainly a
16 major aspect of this whole activity. Now precisely when --
17 I can't be precise in terms of when we discussed or focused on
18 that particular aspect of the activity.

19 Q Did you understand that this was in some way a
20 United States Government effort to gain the release of the
21 hostages?

22 A Um hum.

23 MR. BARBADORO: Just for the record, his answer is
24 yes.

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58

1 BY MR. BARBADORO:

2 Q Correct?

3 A Yes.

4 MR. FEIN: Could I just interject?

5 Why did you reach ~~that~~^{the} conclusion if the arms were
6 shipped out of Israeli inventory? Why wasn't this an Israeli
7 effort to gain the release of the hostages?

8 THE WITNESS: That was simply a trade. That was
9 simply a trade.

10 MR. FEIN: What was a trade?

11 THE WITNESS: That is, missiles from United States
12 stocks were being substituted for those that were eventually
13 going to Iran. That was my understanding.

14 BY MR. BARBADORO:

15 Q Do you have any idea whether anything was said
16 about who in the United States Government was supporting this
17 initiative?

18 A No, I have no recollection of that.

19 Q Is it fair to say it was not your understanding
20 that it was a CIA initiative? Because then there's no
21 question that a finding would have been required; correct?

22 A That's correct. Yes. It's my recollection that
23 this was merely in support of, CIA was merely facilitating
24 and assisting.

25 Q In an effort by some other part of the United

UNCLASSIFIED

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59

1 States Government with this initiative?

2 A Correct.

3 Q Do you recall anything further at the second
4 meeting about the form in which this finding would be drafted,
5 what would be in the finding?

6 A No.

7 Q And you have already testified you have no
8 recollection of Mr. Sporkin actually sitting down and
9 dictating a draft of a finding at the meeting?

10 A No.

11 Q You don't recall whether there was any discussion
12 at the meeting about the finding applying retroactively to
13 activities that had already occurred?

14 A I have no recollection of that being discussed;
15 it may have been.

16 Q And do you have any recollection --

17 A It was certainly discussed either that evening or
18 the next day. I do recall being present when it was being
19 discussed.

20 Q Who was discussing it?

21 A Whoever was present at the meeting. I can't be --

22 Q Okay.

23 A I can't be specific in terms of when it was
24 discussed and therefore I can't, obviously, say who discussed
25 it.

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60

1 Q I'll represent to you that -- on a slightly
2 different subject -- that I took Mr. McMahon's deposition a
3 couple of days ago. Okay? And in that deposition Mr.
4 McMahon said that his concern as to why a finding might be
5 required was that the proprietary had been used, but that when
6 Mr. Sporkin returned and told him a finding was required,
7 Mr. Sporkin told him it was not the use of the proprietary
8 but the use of the CIA to obtain overflight clearances that
9 was the event that required a finding.

10 Does that in any way refresh your memory as to
11 whether overflight clearances were discussed at this meeting?

12 A No. I mean, it's in McMahon's memo, but I am
13 telling you I don't have any recollection of being involved or
14 even knowing about the issue of overflights until I got
15 involved in this in November of 1986 and having access to
16 McMahon's memo. I never seen it before and never had the
17 occasion to even know that this was an issue or had been an
18 issue over the previous weekend, apparently.

19 MR. BARBADORO: If we can go off the record for
20 just a second.

21 (Discussion off the record.)

22 MR. BARBADORO: Back on the record.

23 BY MR. BARBADORO:

24 Q When did you first see the finding that was
25 drafted in November?

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61

1 A I can't recall but wouldn't dispute that I may
2 have seen it Tuesday, the 26th of November. I can't recall
3 sitting down with a piece of paper or being involved in
4 meetings on that day.

5 Q Are you reasonably certain that you saw it
6 sometime in November or early December of 1985?

7 A I'm not reasonably certain of that.

8 Q So you think you might have seen it at some point
9 but you're not sure?

10 A That's correct.

11 Q The finding is in front of you and it refers to
12 actions by private parties -- is that the phrase that is used
13 there?

14 A That's correct.

15 Q And your understanding is that "private parties"
16 made reference to the government of Israel; is that right?

17 A Correct.

18 Q Can you tell me anything about how you came to
19 that understanding?

20 A I have the recollection that Israel's involvement
21 was very sensitive, and I have the recollection that it might
22 be appropriate not to directly refer to that in the finding.
23 And it's a vague recollection; I can't remember precisely when
24 that might have been discussed but I assume it was very early
25 on.

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62

1 Q The finding in front of you does not refer to the
2 desire of the U.S. Government to open up relations with Iran
3 as one of the purposes of the finding.

4 A Um hum.

5 Q Do you recall any discussion during this November
6 time frame about the desire of the U.S. Government to open up
7 relations with Iran as one purpose for the activity for which
8 a finding was required?

9 A Not specifically delineated as such.

10 Q Well, if you want to expand on that, please do.

11 A I don't have any recollection of that being a
12 point of discussion at the time period you're talking about.

13 Q Okay. Either general or specific, you have
14 absolutely no recollection of that being discussed?

15 A No, no recollection at all.

16 Q After that finding was prepared, or since you
17 don't know -- you have no specific recollection of the fact
18 that it was even prepared --

19 A Correct.

20 Q After that meeting on November 25 when do you next
21 have a recollection of Mr. Sporkin raising this issue with
22 you?

23 A My recollection can't be precise in terms of time,
24 other than to say I believe it to be over the next two months;
25 that is, December '85 or January '86.

UNCLASSIFIED

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63

1 Q Did Mr. Sporkin ever tell you whether this finding
2 had been signed?

3 A Not to my recollection.

4 Q Did anybody ever tell you that this finding had
5 been signed?

6 A I came to learn of the signing or not signing of
7 various finding in the November-December 1986 time period,
8 but not before.

9 Q And during the month of January 1986 did you know
10 anything about findings on the Iran arms sale being prepared
11 within your office?

12 A I cannot recall any events that associate my being
13 involved or knowing about it in that time period.

14 Q So you have no memory of any findings being drafted
15 in your office during the January 1986 time period?

16 A No.

17 Q Have you ever --

18 A Other than to include that I have a recollection
19 of Mr. Sporkin attending meetings at the White House related to
20 this general matter.

21 Q Did he ever tell you what these meetings were
22 about?

23 A He may have.

24 Q You can't remember whether he told you or not?

25 A Well, I've already told you that I have a

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64

1 recollection of learning of these continuing events over the
2 next couple of months, and I've already mentioned to you I
3 may have the fact of the 2,000 number confused in terms of
4 time between the original November 25 meeting and events
5 that occurred over the next two months.

6 Q But do you have any memory of Mr. Sporkin telling
7 you anything about what he was doing going to the White
8 House in January of 1986?

9 A I don't think anything other than what I've
10 shared with you already.

11 Q Have you ever discussed this matter with Dewey
12 Clarridge?

13 A I don't believe so.

14 Q You are aware that Mr. Clarridge's testimony about
15 these events is that in the November time frame he thought that
16 oil drilling equipment --

17 A Yes.

18 Q -- had been shipped?

19 A Yes.

20 Q Do you recall any reference made to the use of the
21 proprietary to ship oil drilling equipment in this November
22 1985 time frame?

23 A No.

24 Q And you have no knowledge of anybody in the Office
25 of General Counsel discussing this issue with Mr. Clarridge

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1 in the November-December '85 time frame?

2 A No.

3 MR. BARBADORO: That's all I have.

4 MR. CAROME: I have a couple of other things.

5 FURTHER EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

6 BY MR. CAROME:

7 Q Just to clarify what you recall being told on
8 November 25th by the [REDACTED] people, you recall being
9 told that it was a newer type of missile that was being
10 brought into Israel by the proprietary and that the
11 proprietary was bringing out of Israel an older type of the
12 same type of missile; is that right?

13 A Um hum. Those facts were told to me in what I
14 now believe to be that original meeting.

15 Q How did Mr. Sporkin handle his transition out of
16 the Office of General Counsel? Did he brief Mr. Doherty on
17 what was going on?

18 A I was not present at any such briefings.

19 Q Are you aware of whether or not he did something
20 along those lines to bring Mr. Doherty up to speed?

21 A No.

22 Q Did he have any briefings with you to sort of
23 tell you some things that you ought to know now that he is
24 going to be gone?

25 A No.

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66

1 MR. CAROME: I don't have anything else. Thank
2 you very much for coming and speaking with us.

3 (Whereupon, at 12:18 p.m., the deposition was
4 concluded.)
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From [redacted] shorthand notes, 25 November 1985

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East. I find it in the national interest to provide whatever assistance necessary to assist in that endeavor. Accordingly, I am directing the CIA to provide whatever assistance it can to those private parties in their attempt to achieve the release of the Americans held hostage. Such assistance is to include the provision of transportation, communications, and other support necessary to achieve this important objective. I understand that as part of these efforts certain foreign material and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the Americans held hostage.

Because of the extreme sensitivity of this operation, in the exercise of my constitutional authorities I order the Director of Central Intelligence not to brief the Congress of the United States as provided for in section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

This written finding ratifies all actions taken by U.S. Government officials in furtherance of this effort.

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by G. Reger, National Security Council

1116

32, 466

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C1112 1354

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DRAFT

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East, and hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States. Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

SCOPE

Hostage Rescue -
Middle East

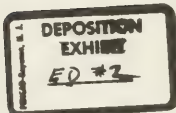
DESCRIPTION

The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign material and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the American hostages.

All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

Partially Declassified/Released on 25 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5224



The White House
Washington, D.C.

Date:

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C.I.I.N. 1119

TOP SECRET

03252

~~UNCLASSIFIED~~Intelligence
November 26, 1935

26 November 1935

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Deputy Assistant to the President
for National Security Affairs

SUBJECT: Presidential Finding on Middle East

Pursuant to our conversation this should go to the President for his signature and should not be passed around in any hands below our level.

W. J. Casey
William J. Casey

Attachment:
As stated

Partially Declassified/Ref. 34 M. 26 JUL 67
under provision E.O. 12356
by B. Rager, Liaison Security Council

CL SY 0008074
RVW OADR

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CIIN #102 ~~UNCLASSIFIED~~

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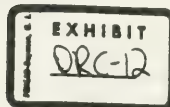
(317)

SECRET UNCLASSIFIED

7 December 1985

MEMORANDUM FOR THE RECORD

SUBJECT: NSC Mission



1. On Saturday, 23 November 1985, Ed Juchniwicz asked me if I was aware of all the activity transpiring on the effort to get the hostages out. He showed me a cable to [REDACTED] asking that we pass a message to the charge from the Deputy Assistant to the President for National Security Affairs. The message assured the charge that only the Secretary of State and Ambassador Oakley were aware of the operation. I told Juchniwicz that I was unaware of the specifics of the operation but due to the sensitivity of the operation, it was appropriate that we pass correspondence between the NSC and the ambassadors overseas, but only communications, that we could not be involved without a Finding.

2. On Monday, the 25th of November, while visiting the Office of the DDO, [REDACTED] was present and had given Clair George a Spot Report on a flight that [REDACTED] had made in support of the NSC mission. I went through the overhead pointing out that there was no way we could become involved in any implementation of this mission without a Finding. Mr. Juchniwicz explained that we did not make the arrangements. When General Secord visited the Agency he tried to get leads on airlines that might be available to move equipment to the Near East in a secure fashion. We told him we did not have any such airlift capability. However, Mr. Juchniwicz said it was pointed out to General Secord that there was a commercial airlift that might do it owned by [REDACTED]. General Secord then took it from there and made arrangements for a flight on a strictly commercial basis.

3. Somewhat distressed at this turn of events, I immediately informed our General Counsel after confirming with Dewey Clarridge our involvement. I instructed the [REDACTED] personnel to immediately go over and brief the General Counsel and so advised the General Counsel at 6:15, the evening of 25 November. He informed me later that night that a Finding would be required, not so much from the airlift standpoint, but from our involvement in influencing foreign government officials to assist the mission. A Finding was prepared the next day. The Finding was cleared with the Director who called McFarlane and Don Regan to ascertain that indeed this had Presidential approval and to get assurances that a Finding would be so signed. After repeated calls to NSC personnel on 27 November and during the week of 2 December continuously receiving reassurances of the President's intent to sign the Finding, we were notified on 5 December that indeed the Finding was signed. The President directed us not to inform Congress for the reasons of the safety and secure release of the hostages until he so directed.

3576

Exempt from 32,535

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CL BY 6057189
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4. (On 25 November, the Ambassador in [redacted] personally [redacted] noting that Ambassador [redacted] cabled the Director to talk to the Director on the telephone. In response, I released a cable to the Ambassador assuring him that the operation that he had been briefed on by the DCM was initiated by the National Security Council but suggesting it would not be wise to attempt to reactivate our request to get [redacted] approval.)

John W. McMahon
John W. McMahon

00319

CIIN 1124

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Executive Registry 32,533

February 1955				March 1955				April 1955				May 1955				June 1955			
Day	Temp	Wind	Humid	Day	Temp	Wind	Humid	Day	Temp	Wind	Humid	Day	Temp	Wind	Humid	Day	Temp	Wind	Humid
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2	1	10	60	2	1	10	60	2	1	10	60	2	1	10	60	2	1	10	60
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22 June 1987

25

Monday
November
1985

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7:30 A.M.	12:00 P.M.
7:45	1:00
8:00	1:15
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11:30	4:45
11:45	5:00

MEMORANDA

5:30 [redacted] the
narrower matter

Leverage Ratio

EVER READY® E810 by KATH CHART

October							1985
S	M	T	W	T	F	S	
		1	2	3	4	5	
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	28	29	30	31			

November						1985
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December 1985						
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

329

CIN 1142

Monday, November 25

Executive Registry 52.551 036

NAME: HIR216002

PAGE 1

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1 RPTS DOTSON
2 DCMN GLASSNAP

HSITS-142/87

3
4 DEPOSITION OF FATHER THOMAS DOWLING

5
6 Tuesday, August 4, 1987

7
8 U. S. House of Representatives,
9 Select Committee to Investigate

10 Covert Arms Transactions with Iran,
11 Washington, D.C.

12

13

14 The Committee met, pursuant to call, at 10:05 a.m., B-352,
15 Rayburn House Office Building, Thomas Fryman presiding.

16 Present: Thomas Fryman, on behalf of the House Select
17 Committee.

18 Henry J. Flynn, on behalf of the Senate Select Committee.

19 James E. Kaplan, on behalf of the Senate Select Committee.

20 Also present: Frank W. Dunham, Jr., on behalf of the

21 Witness.

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NAME: HIR216002

PAGE 2

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22 Whereupon,

23 FATHER THOMAS DOWLING,

24 was called for examination by Counsel for the House Select
25 Committee to Investigate Covert Arms Transactions With Iran,
26 and having been duly sworn, was examined and testified as
27 follows:

28 EXAMINATION BY COUNSEL FOR HOUSE SELECT COMMITTEE
29 BY MR. FRYMAN:

30 Q Would you state your full name for the record
31 please?

32 A Thomas Francis Dowling.

33 Q What is your occupation?

34 A I am a priest and also an executive director of
35 Latin America Strategic Studies Institute.

36 Q In what church are you a priest?

37 A The Old Roman Catholic Church.

38 Q Does that go by any other name?

39 A Old Catholic.

40 Q What is the distinction between Old Catholic Church
41 and the Roman Catholic Church?

42 A Papal authority, it put it simply. The Old
43 Catholic Church is not under the aegis of the Vatican. Its
44 primacy is in Utrecht in Holland.

45 Q Is there a head of the Old Catholic Church
46 comparable to the Pope in the Roman Catholic Church?

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NAME: HIR216002

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PAGE 3

47 . A No. The See of Honor would be something like the
48 Episcopal or Anglican situation where Canterbury would be
49 the See of Honor, but not necessarily a See of Authority.
50 . Q Approximately how many members does the Old
51 Catholic Church have in the United States?
52 . A Approximately, the last I have seen, and this is an
53 approximation, is around half a million.
54 . Q And approximately how many members worldwide?
55 . A Possibly a million. Mainly--the rest of them would
56 mainly be in Europe. Actually, I take that back. Several
57 million, because there is some in Brazil. In fact, I
58 understand there may be as many as two million independent
59 Catholics in Brazil.
60 . Q Is this church also known as the Celtic Catholic
61 Church?
62 . A The Celtic Catholic Church is an independent
63 Catholic Church that would derive--its bishops would derive
64 its validity of orders from the Old Catholic line, so, yes.
65 Although it's just a small group within the, under the
66 generic term "'Old Catholic'".
67 . Q Are you a part of the Celtic Church?
68 . A Not now.
69 . Q You were at some point?
70 . A I worked with them for several years, yes.
71 . Q What years?

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NAME: HIR216002

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PAGE 4

72 . A From about '78 or '79 until '85, I believe.
73 . Q When you say you worked with them, what do you mean
74 by that?
75 . A I was always under the tutelage of the archbishop,
76 Archbishop Verostek, who ordained me.
77 . Q But you had an association with the Celtic Church
78 as well?
79 . A That is correct, yes.
80 . Q Could you describe that association?
81 . A I actually had a small parish in San Francisco
82 under their authority where we practiced the Keltic Right.
83 . Q But you remained under the direction of Archbishop
84 Verostek?
85 . A Yes. Because he was my ordaining prelate, and we
86 had an arrangement.
87 . Q What sort of arrangement?
88 . A Well, that I would work with the ~~X~~^Celtic Catholic
89 Church but beyond his, I guess you would call it, general
90 jurisdiction. But, specifically, I worked with the ~~X~~^Celtic
91 Catholic Church.
92 . Q When were you ordained?
93 . A '75.
94 . Q Do you remember the date?
95 . A November 15.
96 . Q And where was this?

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PAGE 5

97 . A In San Francisco.

98 . Q What church?

99 . A Trinity Episcopal Church.

100 . Q Were you ordained as an Episcopal priest?

101 . A No, under the Old Catholic Church by Archbishop

102 Verostek.

103 . Q What is the relationship between the Old Catholic

104 Church and the Episcopal Church?

105 . A They were simply using part of the church for

106 services on a particular basis, this particular Episcopal

107 Church. In Europe, there has been inter-church union for a

108 long time.

109 . Q But between members of the Episcopal Church and the

110 Old Catholic Church?

111 . A Yes.

112 . Q Do you go by the title Father Dowling?

113 . A Yes, correct.

114 . Q Where do you presently reside, Father Dowling?

115 . A In San Francisco; [REDACTED]

116 [REDACTED]

117 . Q What is your present employment? You mentioned you

118 work for the Latin America Strategic Studies Institute. Do

119 you have a church at the present time?

120 . A I am associate pastor at a church in San Pablo,

121 California, Saint Monica's Old Catholic Church.

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NAME: HIR216002

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PAGE 6

122 . Q Would you characterize that as a full-time job?

123 . A No.

124 . Q How much time do you spend there?

125 . A If I am in the area, which I have been lately, I

126 practice, I have Sunday services and do some counseling, but

127 it is not by any means, at this moment anyway, it is not a

128 full-time job.

129 . Q How many members are there in that church?

130 . A In the parish itself, about 25 to 30 members.

131 . Q Is there another priest?

132 . A Yes.

133 . Q Who is that?

134 . A Father William Arvogast.

135 . Q Is he the priest in charge of the parish?

136 . A Yes. He is the pastor.

137 . Q And you consider yourself associate pastor?

138 . A That is correct.

139 . Q Are there any other associate pastors?

140 . A No.

141 . Q Do you have an affiliation with any other church at

142 this time?

143 . A No, I don't.

144 . Q Now, do you still come under the direction of

145 Archbishop Verostek?

146 . A Yes.

UNCLASSIFIED

NAME: HIR216002

PAGE 7

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147 . Q What is the address of the church, Saint Monica's?
148 . A I don't have the number exactly. It is on [REDACTED]
149 [REDACTED] San Pablo.
150 . Q P-a-b-l-o?
151 . A Yes. California.
152 . Q What is your date of birth?
153 . A August 19, 1947.
154 . Q And your social security number?
155 . A [REDACTED]
156 . Q Where did you obtain your undergraduate degree?
157 . A I went to the University of San Francisco in San
158 Francisco.
159 . Q Did you obtain a degree?
160 . A I obtained a degree through Saint Patrick's
161 Seminary.
162 . Q Do you have an undergraduate bachelor's degree?
163 . A Yes. They add it onto the theology courses. I was
164 a couple courses short when I left USF, so the bachelor's
165 degree is actually awarded.
166 . Q When were you at USF?
167 . A '65, roughly, to '69.
168 . Q And you left a couple of courses short of--
169 . A I was a couple, yes, about two I think, two
170 courses.
171 . Q Was there any reason you did not finish?

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NAME: HIR216002

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PAGE 8

172 . A It was just a matter of not getting all the units
173 in.
174 . Q And you went to Saint Patrick's?
175 . A Saint Patrick's Seminary, yes.
176 . Q Where is that?
177 . A Menlo Park, California.
178 . Q When did you begin there?
179 . A The fall of '69.
180 . Q And you obtained a degree there?
181 . A Yes.
182 . Q When did you obtain that degree?
183 . A In '74.
184 . Q And what degree?
185 . A A Master of Divinity.
186 . Q And you also obtained a bachelor's degree?
187 . A Yes. It may have been actually through the--there
188 was a college attached in Mountain View by the same name.
189 . Q Is Saint Patrick's Seminary a seminary of the Old
190 Catholic Church?
191 . A No.
192 . Q What--
193 . A Roman Catholic Church.
194 . Q It is a seminary of the Roman Catholic Church?
195 . A Yes.
196 . Q Were you raised as a Roman Catholic?

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NAME: HIR216002

UNCLASSIFIED
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PAGE 9

197 . A Yes.

198 . Q Was it your intention to become a Roman Catholic
199 priest?

200 . A When I entered Saint Patrick's, yes.

201 . Q Why did your plans change?

202 . A Well--let's see, that is a real subjective question.
203 I think there was a lot of turmoil in the church at the
204 time. My own sense of what the church, what was going on in
205 the church radically changed through my seminary training,
206 and when I left the seminary, I was given the option by the
207 Old Catholic Church in early 1975 to pursue orders with
208 them. It wasn't a radical departure from Catholicism, in my
209 opinion.

210 . Q Did you have the option to become a Roman Catholic
211 priest?

212 . A Yes. I was never thrown out or expelled.

213 . Q What is the relationship between the Roman Catholic
214 Church and the Old Catholic Church?

215 . A Well, the Catholic Encyclopedia, which I spent some
216 time reading lately, defines the Old Catholic Church as a
217 church with valid orders, something like the Orthodox
218 Church, the Eastern Orthodox Churches. That is the status
219 the Roman Church gives it. It's technically not in union or
220 not in union with Rome, but, in other words, the actions of
221 an Old Catholic priest are considered to be valid actions

UNCLASSIFIED

NAME: HIR216002

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PAGE 10

222 sacramentally, just as the actions of an Eastern Orthodox,
223 Russian Orthodox, Syrian Orthodox would be considered to be
224 valid actions sacramentally.

225 . Q Did you have to go through some procedure to be
226 received into the Old Catholic Church?

227 . A Yes. It was just a small ceremony.

228 . Q Did that constitute a break of your ties with the
229 Roman Catholic Church?

230 . A I would say the active ordination was the final,
231 was probably more of a break.

232 . Q In your capacity as a priest of the Old Catholic
233 Church, is it your understanding that you can perform any
234 services on behalf of the Roman Catholic Church.

235 . A Not in the normal order of things, no.

236 . Q What order of things could you perform such
237 service?

238 . A Canon 844 of the Roman Catholic Canon Law, Section
239 2, states that a priest in valid orders can in an emergency
240 situation or in a situation where there is no regular
241 Catholic, Roman Catholic priest attending to the Catholics,
242 then a priest of valid orders, a priest in valid orders,
243 it's permissible for Roman Catholics to attend that service
244 and receive the sacraments.

245 . Q It is your understanding a priest of the Old
246 Catholic Church is a priest in valid--

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NAME: HIR216002

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PAGE 11

247 . A Absolutely.

248 . Q Would that be true of an Episcopal Church?

249 . A That gets questionable.

250 . Q What is the difference?

251 . A There's a debate, I would say a dialogue, going on

252 right now between the Roman Church and the Anglican Church

253 over that issue. There was a papal announcement, a rather

254 strong one, around 1890 by Leo XIII where he declared

255 Anglican Orders to be null and void. Since then there has

256 been a lot of progress, and I would think the average priest

257 considers the orders are probably valid.

258 . To my knowledge, there has not been an official

259 statement made regarding Old Catholic Orders.

260 . Q And just for the record, what is the official

261 statement that you are referring to?

262 . A It's in the Catholic Encyclopedia, another

263 official--the Almanac, the Catholic Almanac, the official

264 Roman Catholic Almanac. And I believe in that statement by

265 Pope Leo XIII, there was a specific statement to the

266 validity of Roman Catholic Orders, but I am not sure of

267 that.

268 . Q Have you ever served in the military?

269 . A No, I have not.

270 . Q Beginning with your graduation from Saint Patrick's

271 Seminary in 1974, would you just list the positions you have

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NAME: HIR216002

PAGE 12

272 held in the church chronologically?

273 . A Sure. I was first attached to--there was an Old

274 Catholic parish in San Francisco, Saint Justin's, attached

275 to Trinity Church where I was ordained.

276 . Q What years were those?

277 . A '75 through--well, through summer of '76, and then

278 we set up, several groups set up an ecumenical chapel at the

279 Council of Churches Building, and I was involved in that for

280 about a year and a half, two years.

281 . Q So that is about '76?

282 . A I would say the middle of '76.

283 . Q To '78?

284 . A Yes, '78, correct.

285 . Q And that was your only church affiliation?

286 . A Yes.

287 . Q An ecumenical chapel?

288 . A Yes. Several groups used to participate. There

289 was a Presbyterian group. The aegis was controlled by the

290 Council, San Francisco Council of Churches.

291 . Q And then after that?

292 . A I set up an ecumenical mission in the Tenderloin of

293 San Francisco called Saint Andrews. And it was mainly

294 geared for older people, the elderly. At that time,

295 particularly, there were thousands of indigent elderly in

296 the Tenderloin, and we had services, weekly services. I ran

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 13

297 bus trips--in fact, one year I spent a year doing counseling
298 in one of the hotels in the Tenderloin.

299 Q What year was that?
300 A I think '79.
301 Q 1978-1979?
302 A You mean the mission?
303 Q The period.
304 A '78 to approximately '81, early '81.
305 Q Did you have an affiliation with any other church
306 during that point?

307 A Well, at that time I started to work the Celtic
308 Catholic Church also. In probably early '79.

309 Q Is that the parish you described earlier?
310 A Well, the mission, yes, the mission was in the
311 Tenderloin.

312 Q We were talking about Saint Andrews in the
313 Tenderloin?

314 A That is correct.
315 Q We were also talking earlier--
316 A No. No, no.
317 Q If you would just then--during the period you were
318 associated with Saint Andrew's in the Tenderloin, were you
319 associated with any other church?

320 A No, I was not.
321 Q You were with Saint Andrews from '78 to '81?

UNCLASSIFIED
SECRET

UNCLASSIFIED

NAME: HIR216002

PAGE 14

322 . A That is correct.

323 . Q And after that what?

324 . A We continued Saint Andrews, but I moved it to a

325 Presbyterian Church where we shared facilities, the Seventh

326 Avenue Presbyterian Church. In other words, I broadened the

327 outreach from being in a rather--in the Tenderloin to a more

328 residential area of San Francisco.

329 . Q Was that move in 1981?

330 . A That was in '81, yes.

331 . Q How long did you continue there?

332 . A Through '84, actually.

333 . Q And in that approximately three-year period, was

334 that your full-time occupation?

335 . A No. I also worked with the San Francisco Chamber

336 of Commerce for several years in that period, '81-'82.

337 . Q What were you doing there?

338 . A I was the neighborhood business representative.

339 . Q Any other church affiliation?

340 . A During that period, no.

341 . Q And then after 1984, what church affiliation did

342 you have?

343 . A Well, '86--'85 I was doing a lot of house Masses.

344 We kept Saint Andrew's alive as a community by going around

345 to several house Masses, particularly among Nicaraguan

346 people. I got invited to do several house Masses, and we

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 15

347 would do them on a regular, if possible, a regular period of
348 time. There was a retired Roman Catholic priest who helped
349 me out when I wasn't around.

350 Q But this was still as a part of your work with
351 Saint Andrews?

352 A That is correct, yes.

353 Q And that goes through '85.

354 A Pretty much, yes. Yes.

355 Q What after that?

356 A Then I joined up with Saint Monica's as associate
357 pastor right around January--I think it was early '86.

358 Q Now, other than your church activities, you
359 mentioned working for the San Francisco Chamber of Commerce?

360 A Yes.

361 Q You mentioned the Latin American Strategic Studies
362 Institute.

363 A That is right.

364 Q What other professional activities have you had?

365 A I also worked in the travel business during the
366 late '70s for the local travel company, Gray Line.

367 Q Gray Land?

368 A Gray Line. The same as they have here.

369 Q What did you do there?

370 A I was in sales.

371 Q Any other business activity?

UNCLASSIFIED

NAME: HIR216002

PAGE 16

UNCLASSIFIED

372 . A No.

373 . Q What did you do for the San Francisco Chamber of
374 Commerce as a neighborhood business representative?

375 . A I would represent the Chamber. There was concern,
376 particularly at that period of time, over the fact local
377 businesses were not sharing in the wealth, so to speak, and
378 there was a lack of concern for small businesses, so I would
379 go out to the small businesses and try to bring them in,
380 actually get them to be members, if possible, of the
381 Chamber. We worked on all kinds of street cleaning
382 projects, neighborhood restoration types of things.

383 . Q Have you ever been employed by or have any contact
384 with any intelligence agency--

385 . A No, sir.

386 . Q --of the United States Government?

387 . A No, sir.

388 . Q You mentioned the Latin American Strategic Studies
389 Institute.

390 . A Yes.

391 . Q What is the nature of that organization? Is it a
392 corporation?

393 . A It is registered in the District of Columbia as a
394 nonprofit corporation. Its purpose is to promulgate
395 information concerning issues in Central America.

396 . Q When was this founded?

UNCLASSIFIED

NAME: HIR216002

PAGE 17

UNCLASSIFIED

397 . A In 1985

398 . Q Were you the founder?

399 . A Myself and Cornelius Barrington.

400 . Q Who is he?

401 . A He is the Associate Director of the Institute.

402 Research. I would put it more directly, he is in charge of

403 the research library. We have developed quite a library on

404 Central America.

405 . Q Is this a full-time occupation for him?

406 . A It has been, yes.

407 . Q What did he do before?

408 . A He was a management consultant.

409 . Q With what firm?

410 . A I am not sure. He had something called, this is

411 Health Management Services or--he was in health care anyway.

412 . Q What had your prior association with Mr. Barrington

413 been?

414 . A I had worked with him briefly on developing a jobs

415 program for the indigent in San Francisco.

416 . Q Was Linda Guell involved in the founding of the

417 Latin American Strategic Studies Institute? Which I guess

418 is also known as LASSI, its initials.

419 . A Yes.

420 . Q Was she involved with LASSI?

421 . A Yes.

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
~~SECRET~~

PAGE 18

422 . Q In what capacity?
423 . A She offered a shell corporation, Western Legal
424 Foundation, which was inactive at the time, to us, to
425 reinstate it as LASSI.

UNCLASSIFIED

NAME: HIR216002

PAGE 19

426 DCMN GLASSNAP

UNCLASSIFIED

427

428 Q Was the name changed?

429 A Yes.

430 Q So it really--I don't want to be technical about

431 this, but the organizational structure was in place before

432 1985, and there was a name change, is that correct?

433 A And a board change, et cetera. Place. Well, not

434 place so much as just a board change, name change.

435 Q Now, when the name was changed to LASSI in 1985,

436 who became members of the board?

437 A Myself, Cornelius Barrington, and Father Leonard

438 Smith.

439 Q Who is Father Smith?

440 A He is a retired Roman Catholic Priest living in San

441 Francisco.

442 Q Were there officers of LASSI as well?

443 A Yes.

444 Q Who were the officers?

445 A I am President, Father Smith is Secretary, and Mr.

446 Barrington is Vice President, and we had some changes, so I

447 am not even--he may be Treasurer right now. I don't know

448 what the last papers said. But, anyway, I was President-

449 Treasurer at first, and we may have changed that.

450 Q What was the reason for changing this organization

UNCLASSIFIED

TOP SECRET
UNCLASSIFIED

NAME: HIR216002

PAGE 20

451 that was in existence into this new structure that went
452 under the name of LASSI?

453 . A Well, it was very simple. Instead of starting out
454 fresh going through the full process of applying for a new
455 organization, when we were offered an existing organization,
456 we just simply took that on.

457 . Q Let me rephrase my question. What was the reason
458 you needed an organization?

459 . A Okay. My thinking at the time, and Mr.
460 Barrington's, was that a systematic information network
461 needed to be developed exposing what, in my opinion, and
462 other people's opinions was going on in Central America,
463 particularly regarding Nicaragua, but also regarding
464 economic development in El Salvador, Guatemala.

465 . Q What were the deficiencies in this regard that you
466 had observed that made you feel there was a need for this
467 sort of organization?

468 . A Well, I found a tremendous lack of information
469 getting out. If you want to put it on the side of the
470 democratic, what was happening in Central America regarding
471 the development of democracy, the potential for common
472 development, I found there was a tremendous amount of
473 information coming from groups that opposed the Reagan
474 policy, for instance, or the policies of the various
475 governments down there, except, of course, the present

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 21

476 government in Nicaragua. And I just felt that if I was
477 going to do anything, it should be systematic, that people
478 needed to get information.

479 Q What was the origin of your interests in Nicaragua
480 and Central America?

481 A Well, you may or may not know, San Francisco has
482 about 50,000 Nicaraguans, the Bay Area, about 180,000. My
483 interest really developed by meeting several Nicaraguans
484 over the years. It was actually through my work at the
485 Chamber. I met several of them through small businesses, a
486 lot of them have small businesses. And they found out that
487 I was also a clergyman and they felt strongly, they invited
488 me to a few meetings of some groups they started, the
489 committees, or ad hoc things, and they were sort of feeling
490 very forlorn, particularly around '83 or '84, that their
491 point of view was not getting out.

492 Q So your interest in the region grew out of this
493 contact?


494 A That is correct, yes.

495 Q And you began reading publicly available
496 information?

497 A That is true. Books, you name it.

498 Q And you concluded that there was a shortage of
499 information--

500 A That is correct.

**UNCLASSIFIED**

UNCLASSIFIED

NAME: HIR216002

PAGE 22

501 . Q --from a particular point of view?

502 . A That is correct.

503 . Q And you began LASSI in order to meet this need?

504 . A That was basically the reason, to put it in a
505 systematic way, yes. I certainly didn't--

506 . Q Now you say Linda Guell turned this existing
507 organization over to you. I think that is a fair phrasing
508 of what you said?

509 . A Yes.

510 . Q Did she continue to have any association with it?

511 . A She stayed on to help us with the books, accounting
512 procedures, et cetera.

513 . Q Was she an officer?

514 . A No.

515 . Q Was she a board member?

516 . A No.

517 . Q Was she an employee?

518 . A On a consulting basis, yes.

519 . Q Did LASSI open a bank account?

520 . A Yes.

521 . Q What bank?

522 . A Sovran Bank in Alexandria.

523 . Q Any other bank accounts?

524 . A Yes. We had an operational account in San
525 Francisco.

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 23

526 . Q What was the reason for an account in Washington,
527 D.C. if you and Mr. Barrington and Father Smith were all in
528 San Francisco?

529 . A Well, our intention, if things had gone the way we
530 had planned, was to actually have a Washington office and
531 work--I mean, I realized very early on if we are going to
532 disseminate information that this is the information capital
533 of the world probably.

534 . So I had absolute plans to develop a Washington
535 presence.

536 . Q Were the Washington bank accounts or bank account
537 and the San Francisco bank account opened at the same time?

538 . A Approximately, yes. I think they were opened--it
539 was the early part of '86. I am not sure of the exact
540 dates.

541 . Q What bank was the account in San Francisco?

542 . A The Hybernian Bank.

543 . Q You described that as an operational account?

544 . A Well, in the sense that we did some public document
545 stuff. For instance, we put out something called
546 Misconceptions of Facts Regarding Nicaragua, and we actually
547 put them out in San Francisco.

548 . Q Did you receive funds from LASSI? Did you receive
549 a salary?

550 . A I received expenses, and I received a minimal

UNCLASSIFIED

NAME: HIR216002

PAGE 24

TOP

UNCLASSIFIED

551 salary, yes.

552 . Q Was that paid from the Sovran Bank or the Hybernian

553 Bank account?

554 . A There was--well, the only expenses were--I would say

555 Sovran. Sovran. When I say salary, income which I was

556 clearing.

557 . Q Did you consider the Sovran account the more

558 significant of the two accounts, the larger account?

559 . A Yes, yes.

560 . Q Do you know Adolfo Calero?

561 . A Yes.

562 . Q How did you meet him?

563 . A I met him in San Francisco at one of these ad hoc

564 committees the Nicaraguans put together.

565 . Q When did you meet him?

566 . A It was sometime in February of '84.

567 . Q This was before you established LASSI?

568 . A Oh, yes.

569 . Q Do you recall who introduced you?

570 . A It was at a meeting. I may have even gone up and

571 introduced myself. He was a speaker at a meeting in San

572 Francisco.

573 . Q Did you talk with him for a period of time?

574 . A No, not at that meeting. Maybe shook hands with

575 him.

UNCLASSIFIED
SECRET

NAME: HIR216002

UNCLASSIFIED
~~SECRET~~

PAGE 25

576 . Q Did you see him on other occasions in '84?

577 . A Yes. I think he came out to San Francisco in June,

578 and there was an ad hoc committee set up to organize the

579 trip to San Francisco.

580 . Q Were you a member of that committee?

581 . A Yes, I was.

582 . Q Do you know why you were selected for that

583 committee?

584 . A I am not absolutely sure, but I suspect it was

585 because of my having been in contact with several people in

586 the Nicaraguan Community and also they knew I had had some

587 contact with the business community in San Francisco.

588 . Q Did you spend time with Mr. Calero in connection

589 with your work on this committee?

590 . A In June?

591 . Q Yes.

592 . A Not really, no. It was partly a social trip for

593 him, too.

594 . Q Did you have other contacts with him in 1984?

595 . A Yes. One more in September. He came out again to

596 San Francisco.

597 . Q What was the purpose of that trip?

598 . A That was to speak to the Commonwealth Club. No,

599 wait a minute, I could be ahead of myself. It was to speak

600 to several groups of people anyway. I am not sure it was

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 26

601 | the Commonwealth Club. Several service organizations
 602 | anyway.
 603 | . Q Were you involved in the planning for that?
 604 | . A I did some help, yes. We also had a church service
 605 | that he--well, he actually didn't attend it because he was
 606 | late.
 607 | . Q Did you have any further contact with Mr. Calero in
 608 | 1984?
 609 | . A No, sir.
 610 | . Q So you met him in February for the first time?
 611 | . A Right.
 612 | . Q And then he made two other trips, one in June and
 613 | one in September?
 614 | . A Right.
 615 | . Q Did you receive any money from Mr. Calero in 1984?
 616 | . A No, sir.
 617 | . Q So all of the work you were doing was on a
 618 | volunteer basis?
 619 | . A Absolutely.
 620 | . Q Now, turning to 1985, did you see Mr. Calero at any
 621 | time in 1985?
 622 | . A Yes. I saw him in January of '85.
 623 | . Q What was that occasion?
 624 | . A He had invited me down to the camps [REDACTED]
 625 | [REDACTED] and I saw him in Miami--yes, in

UNCLASSIFIED

TOP
UNCLASSIFIED

NAME: HIR216002

PAGE 27

626 Miami--and met him [REDACTED] later on that week, toward the
627 end of January. I am not sure exactly when it was.
628 Q He paid for your trip?
629 A Yes, he did.
630 Q How was that paid?
631 A I believe through his credit card, the flight.
632 Q What about your other expenses?
633 A He gave me a couple, a few hundred dollars in
634 traveler's checks. It was a rather minimal amount.
635 Q Did he give you any other payment other than to
636 cover expenses for that trip?
637 A No, sir.
638 Q How long was that trip?
639 A Maybe ten days.
640 Q And did you accompany Mr. Calero on the trip, or
641 did you meet him [REDACTED]
642 A I met him [REDACTED]
643 Q Who accompanied you on the trip?
644 A It was one of the Nicaraguans from Miami. I think
645 it was a gentleman by the name of Jose Tafel.
646 Q Any American accompany you?
647 A No, sir.
648 Q Did you meet any Americans on that trip?
649 A I briefly met Congressman McCollum [REDACTED]
650 Q Anyone else?

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
SECRET

PAGE 28

651 . A Well, when I went to the camps, it seems like there
652 were several Americans.

653 . Q Did you meet Rob Owen?

654 . A I met Rob Owen at the Miami Airport for like five
655 minutes. I was introduced to him.

656 . Q By whom?

657 . A Adolfo Calero.

658 . Q Do you know what Mr. Owen was doing there?

659 . A I do not. That was my first encounter, I had never
660 met him before.

661 . Q Was it a chance encounter?

662 . A I believe so. That was my impression.

663 . Q Was it your impression that Mr. Calero's meeting
664 with him was a chance encounter?

665 . A It seemed like it was.

666 . Q They just passed each other?

667 . A Yes, exactly. He was going some place, I think he
668 was going to Washington, I was going [REDACTED] I
669 don't know where Rob Owen was going.

UNCLASSIFIED

NAME: HIR216002

PAGE 29

UNCLASSIFIED

670 RPTS LYDA

671 DCMN DANIELS

672 [11:30 a.m.]

673 MR. FRYMAN: Back on the record.

674 BY MR. FRYMAN:

675 Q Father Dowling, before the break, we were talking
676 about your trip with Mr. Calero [REDACTED] in January 1975.

677 You indicated that the trip lasted approximately ten days.

678 A Correct.

679 Q Your expenses were paid, but you received no other
680 compensation for the trip?

681 A Correct.

682 Q I believe we were talking about what you considered
683 a chance encounter with Rob Owen in the Miami Airport as you
684 were leaving [REDACTED] is that correct?

685 A That is right.

686 Q What did you do on this ten-day trip?

687 A I went into the camps [REDACTED]

688 [REDACTED] and had a religious
689 service [REDACTED]

690 [REDACTED]

691 Q What else?

692 A I went to [REDACTED] it seems to me, [REDACTED]

693 [REDACTED] I was taken over there [REDACTED]

694 [REDACTED]

UNCLASSIFIED

NAME: HIR216002

PAGE 30

TOP
UNCLASSIFIED

695 . Q What else [REDACTED]
 696 . A I was introduced to lots of people [REDACTED]
 697 [REDACTED] and also taken out to the place called [REDACTED]
 698 which was like a camp [REDACTED]
 699 . Q Anything else?
 700 . A I was at the U.S. Embassy briefly.
 701 . Q Who did you meet there?
 702 . A I met maybe for five minutes with the ambassador.
 703 [REDACTED]
 704 [REDACTED]
 705 . Q Did you meet anyone else?
 706 . A Again, Congressman McCollum.
 707 . Q Anyone else?
 708 . A Nobody that I can remember. There were several
 709 staff people, but nobody I can remember.
 710 . Q What else did you do on this trip?
 711 . A Well, I went [REDACTED]
 712 . Q What did you do there?
 713 . A That was mainly a visit to a very elderly
 714 Nicaraguan gentleman, [REDACTED] I stayed with
 715 him. I did meet with some ^{meskito} ~~meskito~~ Indians [REDACTED]
 716 . Q What did you understand the reason that Mr. Calero
 717 was taking you to Central America and paying your expenses
 718 for this trip?
 719 . A Well, one of them was to have a religious service

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 31

720 because he said there had been no religious services in
721 there for six or seven or eight months. He knew I had an
722 interest in the subject and he wanted me to see first hand.
723 Q So you understood he was flying you from San
724 Francisco to Central America to perform mass?
725 A That is correct.
726 Q That was the principal purpose of your trip?
727 A That is all we talked about, right.
728 Q Did he know you were not a Roman Catholic priest?
729 A Yes.
730 Q Was he a Roman Catholic?
731 A Yes.
732 Q Do you speak Spanish?
733 A At that time, I certainly did not.
734 Q Did you perform the mass in Spanish?
735 A Yes, I got through it by studying the phonetic
736 system and having whatever was not essential done by others.
737 Q Did Mr. Calero ever indicate why he particularly
738 wanted you to perform this mass?
739 A No.
740 Q He didn't give you any indication why he couldn't
741 find a priest who was geographically closer than you?
742 A As I found out subsequently, there have been
743 tremendous problems with that simple fact, that they have
744 not been able to get priests who were geographically closer.

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 32

745 Q Do you know if he tried to get a priest in Miami,
746 for example?

747 A I think they have been constantly trying to get
748 priests to go in there.

749 Q Did you have any discussion with Mr. Calero about
750 the fact you were not a Roman Catholic priest?

751 A I believe I mentioned it to him, but I said I have
752 valid orders and I asked him when the last time was that a
753 Roman Catholic priest had been in there and he said it had
754 been a long, long time.

755 Q Was it your understanding that the persons who
756 attended the mass were members of the Roman Catholic Church?

757 A My understanding was that they were members of all
758 kinds of churches. There is a very large Protestant
759 Evangelical community among the contras, very large.

760 Q And they participated in the mass?

761 A We did not have communion because there were [REDACTED]
762 people. The mass was just said. There was no giving out of
763 communion because it would have been logistically
764 impossible.

765 Q Did you have any further contact with Mr. Calero in
766 1985 after this trip in January?

767 A Yes, I did.

768 Q What was the next contact?

769 A I met him again in Washington, D.C. before Easter

UNCLASSIFIED

~~TOP SECRET~~
UNCLASSIFIED

NAME: N1R216002

PAGE 33

770 of that year. It was the latter part of March or the early
771 part of April.

772 Q Did you come to Washington to meet with him?

773 A Yes.

774 Q How did he contact you? Did he call you in San
775 Francisco?

776 A We had a couple of phone conversations, maybe two
777 in February and March. I mentioned to him that I was
778 interested. He mentioned to me after the trip, I should
779 say, would I occasionally speak on the issue. I thought
780 about it and said that I would.

781 Q He mentioned this in the phone conversations?

782 A Yes.

783 Q Then he asked you to come?

784 A He may have said something about it when I met him.
785 Just before I left Central America, I met him briefly down
786 there. He had come in.

787 Q And he asked you to come to Washington to meet with
788 him in March or April?

789 A Yes. I may have suggested the actual meeting
790 because I said, "Well, I would like to talk to you."

791 Q Did he pay your expenses?

792 A Yes, he paid for the air fare.

793 Q How did he pay for that?

794 A His credit card.

UNCLASSIFIED

NAME: HIR216002

~~TOP SECRET~~
UNCLASSIFIED

PAGE 34

795 . Q Did he send you a ticket?

796 . A No. I used his credit card number at a travel
797 agency.

798 . Q He had given you his credit card number?

799 . A That is correct, yes.

800 . Q Was it an American Express card?

801 . A That is correct; Yes, sir.

802 . Q How long did you stay in Washington?

803 . A It was not longer than a week. I would say
804 possibly six days.

805 . Q And he paid your expenses here?

806 . A Actually, no, he did not that particular week. I
807 believe Western Goals had put me up in a hotel.

808 . Q At that time, was Western Goals an organization run
809 by Linda Guell?

810 . A Correct.

811 . Q What did you do during this week in Washington?

812 . A I met with Calero once or maybe twice and I met
813 several people. I met Mr. Metamorris. I met Mr. Owen.

814 . Q What did you understand was the reason they wanted
815 you here for a week, they being Calero and Guell?

816 . A There was no real decision that I needed to be here
817 for a week. I suggested that Calero and I needed to talk if
818 I was going to do any speaking on what I saw was going on in
819 Nicaragua or in Central America.

~~TOP SECRET~~
UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 35

820 . I just felt that I needed to talk. There was no
821 decision that I needed to stay a specific amount of time.
822 . Q How much time did you spend with Calero during this
823 trip?
824 . A Not much. We had a few basically pretty
825 perfunctory meetings.
826 . Q Less than an hour?
827 . A At most, maybe an hour or an hour and a half, I
828 would say.
829 . Q Did you talk about your proposed speaking
830 engagements?
831 . A Yes.
832 . Q Anything else?
833 . A That was it, yes.
834 . Q Did he give you any money during this trip?
835 . A No, he did not.
836 . Q How many other times did you see Mr. Calero in
837 1985?
838 . A Numerous, numerous.
839 . Q More than ten?
840 . A I would say so, yes.
841 . Q At some point in 1985, did you begin to be
842 compensated by Mr. Calero?
843 . A I was compensated for expenses, yes, sir.
844 . Q Nothing else?

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
SECRET

PAGE 36

845 . A That is correct.

846 . Q Were you performing services for Mr. Calero after

847 this meeting in Washington in the spring?

848 . A No, sir.

849 . Q Did you assist him?

850 . A Maybe you ought to define services.

851 . Q Did you provide any assistance to Mr. Calero?

852 . A I thought you meant religious.

853 . Q No; any assistance.

854 . A I went out speaking to Rotary Clubs, various

855 organizations. The agreement was that he would compensate

856 me for my travel expenses and the incidentals on the road.

857 I did a lot of traveling in 1985.

858 . Q How did he compensate you?

859 . A Traveler's checks.

860 . Q Did he give you a block of traveler's checks in

861 advance or reimburse you after you occurred the expenses?

862 . A Essentially it was a reimbursement. I would call

863 him or call his--whoever--in Miami and just say, "This is

864 what I need." It was basically an honor system.

865 . Q Why didn't you use his credit card number?

866 . A Well, you can't for anything but airline travel.

867 . Q Did you continue to use the number for air tickets?

868 . A Yes.

869 . Q Now, you say you saw him numerous times after the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 37

870 spring meeting during 1985. **TOP SECRET**

871 A That is correct.

872 Q Were these meetings in connection with speaking

873 tours?

874 A Speaking tours or if I was in Washington and he was

875 in at the same time, we would meet. I don't believe I saw

876 him in Miami at all that year, again. We had one tour that

877 we did together, a speaking tour.

878 Q Was there any substantive discussion in any of these

879 meetings that you had with Mr. Calero about any matter other

880 than speeches that you were giving or speeches that he was

881 to be giving?

882 A Yes; the area of public relations was my major

883 concern. So I would often speak with him personally or on

884 the telephone about the need to have a systematic public

885 relations campaign for their point of view.

886 Q What was his reaction to that?

887 A Always positive. He agreed, at least in words.

888 Q Now, are you aware at some point he retained a firm

889 owned by Richard Miller to do public relations work for him?

890 A Yes, but much later in our chronology.

891 Q Did that come in 1986 according to your

892 understanding?

893 A Yes. I mean that is when I was aware of it.

894 Q Have you met Mr. Miller?

UNCLASSIFIED

NAME: HIR216002

PAGE 38

TOP
SECRET
UNCLASSIFIED

895 . A Yes.

896 . Q When did you first meet him?

897 . A In jogging my memory, I may have met him socially

898 at a party in July 1985 in Washington at former Congressman

899 Kuykendall's office. I was told by him that he met me

900 there, but I met a lot of people--

901 . Q When is your first recollection?

902 . A My first absolute recollection is March of 1986.

903 . Q Who introduced you then?

904 . A Adolfo Calero.

905 . Q A couple of Congressmen have been mentioned this

906 morning. You mentioned Congressman McCollum in connection

907 with your trip [REDACTED] Was your meeting with him [REDACTED]

908 [REDACTED] a chance meeting that had not been planned in

909 advance?

910 . A Yes.

911 . Q How much time did you spend with him in Central

912 America?

913 . A I joined him to see the camp [REDACTED]

914 [REDACTED] I would not say we were even alone at any one

915 time.

916 . Q Have you had contact with him since that trip?

917 . A Yes.

918 . Q Of what sort?

919 . A Him personally, very little. I have had contact

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
SECRET

PAGE 39

920 with his staff.

921 . Q Concerning what?

922 . A Basically the public relations, the need to get
923 information out regarding Central America.

924 . Q Who have you dealt with on his staff?

925 . A Mr. Forrest, Vaughn Forrest, and Mr. Donald
926 Morrissey.

927 . Q And your contacts with the Congressman have been
928 limited?

929 . A Just basically hello, how are you. There have been
930 very few conversations.

931 . Q Now you also mentioned a meeting with former
932 Congressman Kuykendall that you believe was in July of 1985?

933 . A That is correct.

934 . Q What was that occasion?

935 . A There was a party in celebration of the fact that
936 they got the--the humanitarian aid bill had been passed in
937 June of 1985. I was in Washington and I was invited by
938 Adolfo Calero to the party.

939 . Q On how many other occasions have you met
940 Congressman Kuykendall?

941 . A In the last two years, three or four, maybe.

942 . Q What were those occasions?

943 . A Once I went to see him, after the party at his
944 office, just about getting a program started with LASSI,

UNCLASSIFIED

NAME: HIR216002

**TOP
UNCLASSIFIED**

PAGE 40

945 Latin American Strategics Institute.

946 Q What else?

947 A Other times would have been informal meetings.

948 Q When you discussed the PR program, did you discuss

949 funding for LASSI?

950 A Yes.

951 Q Did he offer you money?

952 A No, sir.

953 Q Did you ask for money?

954 A I asked him if he could help us raise some funds,

955 Yes, sir.

956 Q What did he say?

957 A More or less, but nothing came of it.

958 Q In describing your meetings with Calero, you have

959 indicated that the frequency of the meetings increased

960 substantially in the latter part of 1985 whereas you had had

961 infrequent meetings in 1984 and infrequent meetings in early

962 1985, but toward the end of 198~~5~~⁵, you were seeing him on a

963 frequent basis?

964 A I would not say a frequent basis. We did a

965 speaking tour together of Utah, Southern California, and

966 Colorado in September of 1985, so I obviously spent some

967 time with him then. I would not say I met Adolfo that

968 frequently, maybe once a month. It was usually here in

969 Washington.

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 41

970 . Q How would you characterize the frequency of your
971 contact with Calero in 1986?
972 . A About the same.
973 . Q Were you involved in speaking tours with him in
974 1986?
975 . A Not with him personally, but I did do some
976 speaking, yes.
977 . Q Were your dealings with him in 1986 limited to
978 speaking or public relations matters on behalf of the
979 Nicaragua resistance?
980 . A Yes, yes, absolutely.
981 . Q Was he continuing to pay your expenses in 1986?
982 . A He did pay some expenses in the early part of 1986.
983 . Q Did you use his credit card number for plane
984 tickets?
985 . A Yes.
986 . Q Did he send you traveler's checks for other
987 expenses?
988 . A Yes, sir, in the early part.
989 . Q Did he give you any other compensation other than
990 reimbursement of expenses in 1986?
991 . A Yes. There was a check that I declared as income
992 actually or I am declaring as income, \$3,000.
993 . Q That was from whom to whom?
994 . A That was to me from somewhere in Miami. The check

UNCLASSIFIED

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NAME: HIR216002

PAGE 42

995 came from Miami. I am not sure exactly--but it was from him
996 essentially.

997 Q What was that for?

998 A Basically I needed some money to--I asked him for
999 some money for living expenses at that time.

1000 Q That was a check to you, not to LASSI; is that
1001 correct?

1002 A That is correct, sir.

1003 Q Do you know the total amount of traveler's checks
1004 that you received from Mr. Calero?

1005 A I really don't, sir.

1006 Q Would you estimate that it was in excess of
1007 \$10,000?

1008 A It is around that figure. It could be \$12,000, I
1009 have gone back. I don't have the records of that. I asked
1010 him about it and he didn't have the records, so--

1011 Q Are you familiar with an organization called CAUSA,
1012 C-A-U-S-A?

1013 A I certainly am.

1014 Q What is that organization?

1015 A It is an educational organization that is primarily
1016 funded by the Unification Church. They have had lots of
1017 conferences around the country in the last few years.

1018 Q Is the Unification Church the church that is headed
1019 by Reverend Moon?

UNCLASSIFIED

NAME: HIR216002

PAGE 43

~~TOP SECRET~~
UNCLASSIFIED

1020 . A That is correct, sir.

1021 . Q Have you had any involvement in CAUSA activities or
1022 programs?

1023 . A I have been a speaker at several CAUSA conferences.

1024 . Q On the subject of Central America?

1025 . A That is correct; it is always the subject of
1026 Central America.

1027 . Q In what period of time did you give these speeches?

1028 . A Throughout 1985 and into 1986. I think the last
1029 one I gave was in June of 1986.

1030 . Q Were you compensated for these speeches?

1031 . A I was compensated minimally.

1032 . Q So much per speech?

1033 . A Basically they would give a couple hundred dollars
1034 if you came to speak. It was not much, but it was
1035 compensation, yes.

1036 . Q Were they speeches in different areas?

1037 . A Yes, sir.

1038 . Q All in the West?

1039 . A Most in the West, yes. I can't think of--I may have
1040 given one in Minnesota.

1041 . Q Who was the individual in CAUSA that invited you to
1042 give the speeches?

1043 . A Various individuals. They were divided into
1044 regions. Ambassador Sanchez became rather friendly, Phillip

UNCLASSIFIED
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NAME: HIR216002

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UNCLASSIFIED

PAGE 44

1045 Sanchez, who is the President of CAUSA.

1046 Q Can you identify him for the record?

1047 A Yes, he was formerly Ambassador to Honduras and

1048 Colombia, Phillip Sanchez, President of CAUSA, USA.

1049 Q You say he was Ambassador to Honduras?

1050 A The United States Ambassador, correct.

1051 Q And he is now the director--

1052 A The president, that is what he calls himself.

1053 Q Do you know if Linda Guelle has any association

1054 with CAUSA?

1055 A She had some indirect association with them.

1056 Q What did you understand that to be?

1057 A Well, I met her at a CAUSA conference. This is my

1058 understanding, I have not seen anything definite, but I

1059 think they may have helped her Western Goals at one time, I

1060 am not sure.

1061 Q What is the basis for your belief of that?

1062 A Her statement to me.

1063 Q That they contributed?

1064 A That they contributed, yes.

1065 Q What was her role in the conference at the time you

1066 met her?

1067 A She was simply there as a guest, as I was.

1068 Q Are you aware of contributions by CAUSA to LASSI?

1069 A There have not been any to my knowledge.

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NAME: HIR216002

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PAGE 45

1070 . Q So you are not aware of any?

1071 . A No. There have not been any.

1072 . Q Are you aware of any other contributions by CAUSA

1073 to Mr. Calero?

1074 . A No, sir.

1075 . Q Any other organization involved in any way with

1076 Nicaragua?

1077 . A No, sir.

1078 . Q Do you know Oliver North?

1079 . A Yes, sir.

1080 . Q When did you first meet him?

1081 . A I met him in June of 1986.

1082 . Q Do you remember the date?

1083 . A The 5th stands out in my memory, but don't hold me

1084 to that.

1085 . Q How did you happen to meet him?

1086 . A It was in the basement of the White House.

1087 . Q Who arranged the meeting?

1088 . A It was not an arranged meeting. It was literally a

1089 passthrough. He was walking out and we were walking in.

1090 . Q What were you doing in the basement of the White

1091 House?

1092 . A I was going to visit Patrick Buchanan.

1093 . Q Had you known Mr. Buchanan?

1094 . A No, sir.

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 46

1095 Q Was this the first time you were going to meet him?

1096 A Yes, sir.

1097 Q Who arranged that meeting?

1098 A Colonel Peno.

1099 Q Who is he?

1100 A At that time he was working at the State

1101 Department. He is a U.S. Army colonel, and Mr. William

1102 Bodie. They were working for Under Secretary Snyder, I

1103 believe.

1104 [Discussion off the record.]

1105 BY MR. FRYMAN:

1106 Q Your first meeting with Mr. Buchanan, then, was also

1107 approximately June 5, 1986?

1108 A Yes, sir.

1109 Q What had your contacts with Colonel Peno and Mr.

1110 Bodie in the State Department been?

1111 A Well, I met them sometime previous to that through

1112 Congressman McCollum's office. Actually, I think I met them

1113 in Congressman McCollum's office.

1114 Q Was this with Mr. Forrest and Mr. Morrissey?

1115 A I believe it would have been Mr. Forrest. I don't

1116 think Mr. Morrissey was working at that time for Congressman

1117 McCollum.

1118 Q When was that?

1119 A Probably sometime in 1985.

UNCLASSIFIED
SECRET

NAME: HIR216002

~~TOP SECRET~~
UNCLASSIFIED

PAGE 47

1120 . Q Early 1985? It would have been before June 1985?

1121 . A Not necessarily. We are talking June of 1986. It

1122 was sometime in 1985. I don't know when really.

1123 . Q What was the meeting in Congressman McCollum's

1124 office?

1125 . A Basically they were just up visiting Mr. Forrest.

1126 I came in and we were chatting about some of my experiences

1127 and what I thought should be done. They were working

1128 closely with the Office of Public Diplomacy at that time in

1129 the State Department.

1130 . Q Who did you understand headed up that office? Was

1131 that Otto Reich?

1132 . A It was in the transition period. Somebody by the

1133 name of John Blanken, Ambassador Blanken headed it up.

1134 . Q And your understanding was that Colonel Peno and

1135 Mr. Bodie were associated with that office?

1136 . A Yes.

1137 . Q And they were meeting in Congressman McCollum's

1138 office in connection with their work for that office?

1139 . A Yes.

1140 . Q What was the subject discussed?

1141 . A Mainly we talked about the need to get information

1142 out to the general American public. Colonel Peno had a

1143 great interest in the Catholic Church in Micaragua, the

1144 persecution and whatever.

~~TOP SECRET~~
UNCLASSIFIED

TOP
SECRET
UNCLASSIFIED

NAME: HIR216002

PAGE 48

1145 . Q Do you know the basis for that interest?

1146 . A He is Cuban and he shared a similar experience, I

1147 believe.

1148 . Q He is a Roman Catholic?

1149 . A Yes.

1150 . Q Was there any discussion about the old Catholic

1151 Church?

1152 . A No. We didn't really discuss religion per se, but

1153 we discussed the relation of the church to the Sandinistas.

1154 . Q This meeting in Congressman McCollum's office was

1155 with Mr. Forrest?

1156 . A I am certain it was.

1157 . Q Was the Congressman there?

1158 . A No, sir.

1159 . Q It was you, Mr. Bodie, Colonel Peno, and Mr.

1160 Forrest?

1161 . A Yes.

1162 . Q How did you happen to attend this meeting?

1163 . A Coincidentally.

1164 . Q You just dropped by?

1165 . A Exactly.

1166 . Q And that was the first time you met him?

1167 . A Yes, sir.

1168 . Q That was sometime in 1985?

1169 . A It could have been early 1986, but it was quite a

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 49

1170 bit before June of 1988, anyway.

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pg 50 - 54

UNCLASSIFIED

NAME: HIR216002

PAGE 55

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1329 did you or LASSI ever receive

1330 any funds from the State Department?

1331 A No, sir.

1332 Q In no way that you are aware of?

1333 A Absolutely not. I can state that categorically.

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UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 56

1344 . A At that stage, LASSI would have, well, I was still
1345 flying on the credit card in terms of airline use.
1346 . Q Mr. Calero's?
1347 . A Yes. In terms of expenses here, it would have been
1348 LASSI because we were given a grant to do some work for the
1349 resistance by IBC in March of 1986, from Richard Miller's
1350 organization.

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UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 61

1469 [REDACTED]
1470 [REDACTED]
1471 . MR. FRYMAN: Off the record.
1472 . [Discussion off the record.]
1473 . MR. FRYMAN: Back on the record.
1474 . BY MR. FRYMAN:
1475 . Q Father Dowling, have you consulted a calendar which
1476 refreshes your recollection about the date of the meeting
1477 with Mr. Buchanan?
1478 . A Yes, sir.
1479 . Q What do you believe the date to be?
1480 . A The 5th of June.
1481 . Q 1986.
1482 . A Correct.
1483 [REDACTED]
1484 [REDACTED]
1485 . Q Who went with you?
1486 . A Colonel Peno and Mr. Bodie.
1487 . Q This is the occasion where you ran into Colonel
1488 North in the basement hallway?
1489 . A Correct, sir.
1490 . Q Who introduced you to Colonel North?
1491 . A Colonel Peno and/or Mr. Bodie. They knew him.
1492 . Q What did they say about him?
1493 . A They said, "That is Ollie North." I had heard of

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 62

UNCLASSIFIED
SECRET

1494 Ollie North.

1495 Q Did you shake hands?

1496 A Yes, we shook hands [REDACTED]

1497 Q How long did that last?

1498 A It would not have been more than five minutes

1499 because we were waiting for Mr. Buchanan.

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1513 Q Was it your understanding that Colonel Peno and Mr.

1514 Bodie had an ongoing working relationship with Mr. Buchanan?

1515 A I don't know if I would say working. I would say

1516 they knew him enough to pick up the phone and set up

1517 meetings with him. I believe they shared some of the same

1518 views regarding Central America.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 63

1519 . Q Did you have some understanding about the
1520 organizational relationship between the Office of Latin
1521 American Public Diplomacy in the State Department and Mr.
1522 Buchanan's operation in the White House?

1523 . A No, sir. It was never brought up or mentioned in
1524 my presence.

1525 . Q But it was your understanding that Colonel Peno was
1526 able to pick up the phone and talk to Mr. Buchanan if he
1527 wanted to?

1528 . A I saw him do it.

1529 . Q And you saw he was able to set up a meeting with
1530 Mr. Buchanan?

1531 . A Yes, sir.

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pgs 64 - 73

NAME: HIR216002

UNCLASSIFIED

PAGE 74

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1796 Q Now, in [REDACTED] this period of
1797 time that you had with Colonel North, was there discussion
1798 of provision of funds directly or indirectly by Colonel
1799 North for you or for LASSI?

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A [REDACTED]

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 75

1801 [REDACTED] I mentioned I would have to give up,
1802 essentially give up LASSI if I didn't get some funds. It
1803 was not a direct appeal; I just said we're having problems.
1804 Actually I was mentioning that to anybody and everybody I
1805 met, not the public officials but people I would normally
1806 meet, you know, we needed help or else the thing was going
1807 to go under, and Colonel North suggested that I get in touch
1808 with him the following week, that he might be able to help.

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UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
SECRET

PAGE 76

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1841 . Q Now, you say Colonel North suggested that you

1842 contact him the next week about--

1843 . A Correct.

1844 . Q --about funds for LASSI.

1845 . A Yes.

1846 . Q And you did so?

1847 . A I did so, yes.

1848 . Q Did you call him, did you meet him?

1849 . A I called him and then came in to meet with him.

1850 . Q What occurred in the meeting?

UNCLASSIFIED

NAME: HIR216002

PAGE 77

~~TOP SECRET~~
UNCLASSIFIED

1851 . A I had a short meeting, if I recall. I can't
1852 remember too much about the meeting. [REDACTED]
1853 [REDACTED]
1854 [REDACTED] he asked me for the bank
1855 account of LASSI, bank account number.
1856 . Q And you gave him the number for Sovran Bank?
1857 . A That's correct, sir.
1858 . Q Did you discuss amounts?
1859 . A No, sir--wait a minute, did we discuss it at that
1860 meeting? He may have said--he may have mentioned \$5,000. He
1861 said there might be--it wasn't anything too definite. He
1862 said it might be an increment of \$5,000, he would talk and
1863 check with the private source.
1864 . Q Is this \$5,000 per month?
1865 . A He didn't say exactly per month. He just said
1866 there would be increments at \$5,000.
1867 . Q Was that amount satisfactory to you?
1868 . A Well, I wasn't asking for any specific amount, to
1869 be very frank with you. I was rather delighted to get any
1870 assistance from this private source.
1871 . Q Did he identify his private source?
1872 . A Not at that meeting.
1873 . Q Did he later?
1874 . A Yes.
1875 . Q What was it?

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 78

1876 . A He told me it was the Scaife Foundation.

1877 . Q When did he identify it?

1878 . A Probably later that month sometime.

1879 . Q What discussion did you have with Colonel North

1880 about the uses to which LASSI would apply these funds?

1881 . A A public relations program.

1882 . Q What do you mean by that?

1883 . A Arranging for speaking arrangements for myself,

1884 furthering the fund-raising ability of the institute, doing

1885 white papers on various subjects, setting up a phone where

1886 people would call in from around the country and look for

1887 specific information regarding Nicaragua or El Salvador,

1888 Honduras.

1889 . Q Did you discuss the objective of this public

1890 relations program?

1891 . A It was to affect public opinion favorably toward

1892 the Reagan position inside, regarding Central America, or--I

1893 would go farther than that; my position was to affect public

1894 opinion regarding the evolution of democracy in Central

1895 America.

1896 . Q Was that with an eye toward influencing the votes

1897 of the Congress ultimately?

1898 . A Well, I would--if you want to say ultimately, but

1899 there was nothing specific mentioned about Congress.

1900 Obviously the goal long-range would have involved that.

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 79

1901 . Q You say he identified the Scaife--I believe that is
1902 spelled S-c-a-i-f-e--Foundation--

1903 . A Right.

1904 . Q --as the source of these funds, in another meeting
1905 several weeks later?

1906 . A Yes, sir.

1907 . Q How did the subject of the source of funds come up
1908 in this?

1909 . A I might have asked him--I thought about this--I may
1910 have asked him, these are legitimate private funds? Nothing
1911 I had--I had not received anything at that time, but I said
1912 this money we are receiving will be absolutely private
1913 funds, and he said yes, of course, they are coming from
1914 Scaife.

1915 . Q And did you begin to receive funds?

1916 . A There was a--money was received in the account, I
1917 believe the end of June 1986.

1918 . Q Now, you had previously in March of 1986 received
1919 \$25,000 from Richard Miller's organization; is that correct?

1920 . A Correct.

1921 . Q What do you understand was the reason for that?

1922 . A That was for--to put out 'misconceptions of fact'
1923 and for general upkeep of the institute. That was at Mr.
1924 Calero's behest.

1925 . Q Had you met Richard Miller as of March 1986?

UNCLASSIFIED
SECRET

UNCLASSIFIED

NAME: HIR216002

PAGE 80

1926 . . A As I testified previously, I may have met him
1927 socially at a party, but I had not met him at any business
1928 meetings.
1929 . Q And your first meeting with him occurred when,
1930 again?
1931 . A It seems to me it was early March.
1932 . Q At the time of the grant?
1933 . A Yes.
1934 . MR. DUNHAM: That is getting confusing now. He
1935 thinks he met him in '85 in a passing kind of way, not to
1936 discuss anything of substance, and then met him in March of
1937 '86.
1938 . THE WITNESS: Correct.
1939 . BY MR. FRYMAN:
1940 . Q At the time of the grant?
1941 . A That's correct.
1942 . Q Mr. Calero arranged the grant?
1943 . A He suggested that he do that, yes.
1944 . Q Then after the meeting with Colonel North where you
1945 give him the LASSI account number, am I correct that amounts
1946 begin to be deposited into that account?
1947 . A Correct, sir.
1948 . Q And the initial amounts are in approximately \$5,000
1949 increments?
1950 . A That's correct, sir.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 81

1951 . Q And it was your understanding that was money that
1952 was being deposited pursuant to your discussion with Colonel
1953 North?
1954 . A Yes, sir.
1955 . Q Were you aware that Mr. Miller was involved in the
1956 transfer of those funds?
1957 . A I became aware.
1958 . Q At what point?
1959 . A Again, specifically I don't know. Sometime during
1960 summer '86.
1961 . Q How did you become aware?
1962 . A I believe in a phone call with Colonel North or
1963 something, his name came up, as you know, if there were any
1964 problems with anything like that, Richard Miller was someone
1965 to contact.
1966 . Q How much money do you understand that LASSI
1967 received as a result of your conversations with Colonel
1968 North?
1969 . A I believe it was a total of 50,000.
1970 . Q Following your meeting or your series of meetings
1971 with Colonel North in early June of 1986, did you meet with
1972 him further during 1986?
1973 . A Yes. When, I'm not sure. I may have met him once
1974 or twice more during the summer.
1975 . Q How many total meetings would you estimate that you

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 82

1976 had with Colonel North after these initial meetings that you
1977 have discussed?

1978 . A Oh--

1979 . Q More than ten?

1980 . A After the initial meetings? I don't think so. I
1981 estimated--I thought at one time it might have been around a
1982 half a dozen.

1983

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It could have been between

1988 six and ten.

1989 . MR. FRYMAN: Could you read that last answer back.

1990 . [The answer referred to was read by the reporter as
1991 above recorded.]

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UNCLASSIFIED

NAME: HIR216002

PAGE 85

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Q

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2064 you had a number of other meetings with Colonel North in

2065 1986?

2066 A Yes, sir.

2067 Q What were these meetings about?

2068 A Mainly about--I felt very strongly about the need to

2069 get the word out to, you know, out of the Beltway, and I

2070 just felt people weren't getting the word about what

2071 was--what the stakes were in Central America. And I also--a

2072 couple of times I may have mentioned to them, at least on

2073 the telephone, that LASSI could be very helpful in this

2074 educational process, and would be if we were properly

2075 funded.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 86

2076 . Q Am I correct that the general subject of your
2077 continued meetings with Colonel North was your public
2078 relations effort?

2079 . A And the need for funds in the institute and any
2080 ideas he would have.

2081 . Q Let me very briefly cover another subject, and I
2082 will come back and we will hopefully wind up before too
2083 long.

2084 . You mentioned one trip to Central America with Mr.
2085 Calero.

2086 . A Yes.

2087 . Q Have you made any other trips to Central America?

2088 . A Yes, sir.

2089 . Q When?

2090 . A January of '86.

2091 . Q Was that the only other trip or have you made
2092 trips--

2093 . A I made one last August.

2094 . Q August of '86?

2095 . A Yes.

2096 . Q Any others?

2097 . A I was down there-- [REDACTED] --in
2098 February of this year.

2099 . Q All right. So you have been there a total of four
2100 times?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 87

2101 . A That's correct, sir.

2102 . Q Now, what was the purpose of the January '86 trip?

2103 . A I went down there--I went down there with another

2104 gentleman, an older gentleman who wanted just to see what

2105 was going on, and he went with me. I did have a religious

2106 service [REDACTED]

2107 [REDACTED]

2108 . Q Who was the older gentleman?

2109 . A A man by the name of William Riordan.

2110 . Q Who was he?

2111 . A He was involved with the Knights of Malta. He had

2112 met me and wanted--asked me if I was going down, he just

2113 wanted to go with me.

2114 . Q He paid for your trip?

2115 . A No, sir.

2116 . Q Who did?

2117 . A At that time it was Adolfo Calero's credit card.

2118 . Q Did you see Calero there?

2119 . A No, sir.

2120 . Q Did you see any other Americans while you were

2121 there?

2122 . MR. DUNHAM: We are talking about the trip with

2123 Riordan?

2124 . MR. FRYMAN: That's right.

2125 . THE WITNESS: I was a bit out of action at that

UNCLASSIFIED

NAME: HIR216002

~~TOP SECRET~~
UNCLASSIFIED

PAGE 88

2126 time. About two days into it I got the winter flu that was
2127 going around that year, so I was knocked out for about five
2128 days. So I don't recall--no, I don't think so.

2129 BY MR. FRYMAN:

2130 Q How long a trip was this?

2131 A Again, maybe ten days at the outside.

2132 Q Who invited you to perform the religious service?

2133 A I had asked if anybody had been in there since I
2134 went in and they said no, there had been no priest at all.
2135 So I said, well--it was a year after that. So I said it
2136 might be appropriate to go down again.

2137 Q And the second trip was in August of 1986?

2138 A Yes.

2139 Q What was the purpose of that trip?

2140 A Again, I went down with a staff member from Mr.
2141 McCollum's office.

2142 Q Who was that?

2143 A Mr. Morrissey, Donald Morrissey.

2144 Q What were you--

2145 A I had not been [REDACTED] before and he had had
2146 an opportunity to go to see things [REDACTED] and so he
2147 suggested--we talked about it and we went to [REDACTED]
2148 [REDACTED]

2149 Q Who paid for this trip?

2150 A LASSI, including his part of it.

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 89

2151 . Q Including Mr. Morrissey's part?

2152 . A Yes.

2153 . Q What was the purpose of LASSI paying for his part?

2154 . A Well, he had no money to go, and I felt we would

2155 get--I would get some contacts, particularly in the private

2156 sector [REDACTED] One of my long-range goals for LASSI

2157 is to eventually do economic reports.

UNCLASSIFIED

NAME: HIR216002

PAGE 90

UNCLASSIFIED

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2159 DCMN KOEHLER

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2161 Q What Americans did you meet on this trip?

2162 A We met some people at the embassy. We met

2163 Ambassador [REDACTED]

2164 Q Anybody else?

2165 A Who was the military colonel down there? I can't
2166 remember his name.

2167 MR. OLIVER: [REDACTED]

2168 BY MR. FRYMAN:

2169 Q Anybody else?

2170 A Several American military people, because they took
2171 us for a helicopter ride out to see one of the rural--one of
2172 the rural, I don't know what they call it down there--anyway,
2173 where they get food out into the rural communities.2174 Q And you say you made a final trip in February of
2175 1987?

2176 A That's correct.

2177 Q Who was with you on that trip?

2178 A Myself. [REDACTED]

2179 [REDACTED]

2180 [REDACTED]

2181 Q Who paid for that trip?

2182 A LASSI,

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 91

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2201 . Q Did Colonel North arrange for you to meet a
2202 gentleman in Philadelphia named John Hirtle, I think that is
2203 h-i-r-t-l-e.

2204 . A Yes, sir.

2205 . Q Did he also arrange for you to meet a gentleman
2206 named Clyde Slease?

2207 . A No, sir.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 92

2208 Q Did he mention Mr. Sleese to you?

2209 A Yes, sir.

2210 Q Did he arrange for you to meet a gentleman named

2211 Dan McMichael?

2212 A No, sir.

2213 Q Did he mention Dan McMichael to you?

2214 A No, sir.

2215 Q Did Mr. Sleese mention McMichael to you?

2216 A Yes, sir.

2217 Q Which occurred first, Colonel North mentioning the

2218 name of Mr. Sleese or his arranging the introduction with

2219 Mr. Hirtle?

2220 A I really don't know. All I know is that I went up

2221 to see Mr. Hirtle in, I think it was early November,

2222 something like that, of 1986.

2223 Q Let's focus on Mr. Hirtle. How did Mr. Hirtle's

2224 name come up with Colonel North?

2225 A As I mentioned earlier, as I testified to, in the

2226 conversation I had with him [REDACTED] I kept

2227 mentioning if we are going to do this, we need some serious

2228 funding, and is there any--do you know of anybody? And he

2229 says, well, there is a gentleman I want you to meet in

2230 Philadelphia who has access to speakers involved in the

2231 World Affairs Council, et cetera.

2232 Q And he arranged an introduction?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 93

2233 . A Actually, he gave me his number and I called him
2234 and then he invited me up to have dinner with him.
2235 . Q And this was in the fall of 1986?
2236 . A It seems to me like it was early November of--yes,
2237 I'd say early November of 1986, yes.
2238 . Q Did you meet anyone other than Hirtle?
2239 . A No, sir.
2240 . Q What became of this?
2241 . A Nothing really. We talked vaguely about plans,
2242 what needed to be done in terms of--we talked about setting
2243 up a speaking tour. That is the one specific thing that
2244 came out of it. It never happened, but we did talk
2245 specifically about that.
2246 . Q Did Mr. Hirtle tell you about other fundraising
2247 efforts he had been engaged on behalf of Colonel North.
2248 . A It seemed to me he mentioned something about an
2249 earlier process that, you know, basically about how he was
2250 able to make some contacts, and I think he made a comment
2251 somebody in--Pittsburgh, was it? I don't know what the guy's
2252 name is, but somebody in Pittsburgh.
2253 . Q So you talked about possible fundraising, but I
2254 take it from your answer you never got any money as a result
2255 of meeting with Hirtle?
2256 . A You got it.
2257 . Q Going back to Slease, you say that North mentioned

UNCLASSIFIED

NAME: HIR216002

PAGE 94

UNCLASSIFIED
SECRET

2258 Clyde Slease's name?

2259 . A You know, I'm not even sure of that. Now that I

2260 recall, I think the way it happened, Hirtle mentioned Slease

2261 and Hirtle had a brief phone call, I had maybe a one-minute

2262 phone call with Terry Slease.

2263 . Q What was that about?

2264 . A Just giving me Dan McMichael's number.

2265 . Q Who did you understand Dan McMichael to be?

2266 . A He was with the Scaife Foundation.

2267 . Q This phone call was again probably in November of

2268 1986?

2269 . A Yes, sir.

2270 . Q What did he say McMichael's position was?

2271 . A He didn't have a high position. He didn't say

2272 specifically.

2273 . Q What was the reason he was giving you McMichael's

2274 number?

2275 . A I was going to make an effort to see if we could

2276 get some funding from Scaife for LASSI.

2277 . Q I thought you were already getting funding from

2278 Scaife?

2279 . A By that time I began to realize with Miller

2280 involved, I had some questions. I had some questions.

2281 . Q What do you mean, you had questions?

2282 . A Well, if it was being suggested I talk with Scaife,

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 95

2283 | the question came to me: why would I--we were already
2284 | getting the funding. I was somewhat confused at that stage
2285 | of the game, where the funding was coming from.
2286 | Q Did you speak with McMichael?
2287 | A Eventually. In January of 1987 actually.
2288 | Q What was said in that conversation.
2289 | A We just talked about what needed to be done in
2290 | terms of public relations. Again, we sympathized,
2291 | empathized, but basically they said they had no money.
2292 | Q Did you ever receive any contributions as a result
2293 | of your conversations with Slease and McMichael?
2294 | A No, sir.
2295 | Q In the LASSI account at the Sovran Bank, was that
2296 | bank account the source of funds for the operating account
2297 | in service or were funds deposited directly into the San
2298 | Francisco operating account?
2299 | A That was the source.
2300 | Q All funds originated in the Sovran bank account and
2301 | then you transferred such funds as needed to San Francisco?
2302 | A That's correct, sir.
2303 | Q Now, in the records that we have obtained from the
2304 | Sovran Bank as well as from your, or from LASSI, there
2305 | appears to be total of approximately \$93,000 in receipts
2306 | from January 1986 to May of 1987 of which you have
2307 | identified \$73,000 as coming either from Richard Miller or

UNCLASSIFIED

NAME: HIR216002

PAGE 96

UNCLASSIFIED**SECRET**

2308 from North, one or the other.

2309 . A Yes.

2310 . Q There is a deposit of \$4,000 in January of 1987.

2311 What is the source of that deposit?

2312 . A I believe that is from Western Goals. That was a

2313 start-up grant to LASSI.

2314 . Q That was Linda Guell's organization?

2315 . A Yes.

2316 . Q There is a further deposit in December of 1986 of

2317 \$10,000 apparently from the F. M. Kirby Foundation?

2318 . A Yes.

2319 . Q What is that?

2320 . A To LASSI from F. M. Kirby, it was a check.

2321 . Q What is F. M. Kirby?

2322 . A It is a small foundation that used to help

2323 foundations, and through Linda Guell's advocacy he gave it

2324 to LASSI.

2325 . Q Is there an individual named F. M. Kirby?

2326 . A I believe there is.

2327 . Q Have you met him?

2328 . A No, sir.

2329 . Q Do you know where the foundation is based?

2330 . A It used to be somewhere in--New Jersey, something

2331 like that.

2332 . Q The contact is Linda Guell?

UNCLASSIFIED**SECRET**

NAME: HIR216002

UNCLASSIFIED

PAGE 97

2333 . A Yes.

2334 . Q In the Sovran bank account there are disbursements
2335 of several thousands on occasions payable to the Sovran
2336 Bank. For example, the record indicates a disbursement of
2337 \$10,000 on September 26th, 1986. Do you know what that
2338 relates to?

2339 . A It was probably a transfer to, it was probably a
2340 check to the operational account.

2341 . Q In San Francisco?

2342 . A I would assume so if it is that large. For us,
2343 that is a large sum.

2344 . Q The operational account is at the Hybernia Bank in
2345 San Francisco?

2346 . A Yes.

2347 . Q What branch is that?

2348 . A It is Gary and 10th.

2349 . Q The account is in whose name?

2350 . A It would be under Western Legal Foundation,
2351 because, actually, at that time the tax papers still said
2352 Western Legal Foundation or LASSI. It's slash LASSI. I
2353 think that's the way it was.

2354 . Q All right. Did you ever in any way transfer any
2355 monies from LASSI directly or indirectly to Oliver North.

2356 . A No, sir.

2357 . Q Have you ever appeared before a Congressional

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
SECRET

PAGE 98

2358 | committee?

2359 | . A Yes, sir.

2360 | . Q How many occasions?

2361 | . A Once.

2362 | . Q When was that?

2363 | . A I think it was April of 1985.

2364 | . Q Who arranged that appearance?

2365 | . A It was one of the staff people on the committee at

2366 | that time, on the--was the House Foreign Affairs? Or

2367 | something like that. It was a subcommittee on the Western

2368 | Hemisphere anyway. It was a staffer.

2369 | . Q Who put you in contact with the staff person?

2370 | . A Well, it seems to me I had met the staffer [REDACTED]

2371 | [REDACTED] when he was down with Congressman McCollum.

2372 | . Q Do you remember the name of this person?

2373 | . A I don't, sir. I really don't.

2374 | . Q The staffer was [REDACTED] with Congressman

2375 | McCollum?

2376 | . A With the trip Congressman McCollum took, yes. He

2377 | was not one of Congressman McCollum's personal staff. He

2378 | was somebody on the committee.

2379 | . Q And how did you happen to be in touch with this

2380 | staffer?

2381 | . A Well, he met me crossing the street right by one of

2382 | the House Office Buildings, and he--though Congressman

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 99

2383 McCollum's office, he was able to get in touch with me later
2384 on that day and asked me to come over.
2385 . Q To come over and testify?
2386 . A Yes.
2387 . Q Did you have any contact with anyone in the
2388 Executive Branch about your testimony before this committee
2389 in April of 1985?
2390 . A No, sir.
2391 . Q This wasn't arranged to your knowledge thought the
2392 State Department in any way?
2393 . A No, sir.
2394 . Q So far as you are concerned, it was just a chance
2395 encounter with this staff person on the street?
2396 . A That's right.
2397 . Q Which led to a call from Congressman McCollum's
2398 office and they contacted you?
2399 . A Yes.
2400 . Q What preparation was there for your testimony in
2401 April of 1985?
2402 . A Very little. It was done the same afternoon.
2403 . Q Were you part of a panel?
2404 . A No. What happened, it was just a five-minute--I
2405 think it was a five-minute timeframe that one of the
2406 Congressman had and he turned it over to me to testify on
2407 what I say in the camps. So, it was rather short.

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR216002

PAGE 100

2408 . Q Did you identify yourself as a Catholic priest?

2409 . A I think I used the word Catholic, yes. I have not
2410 seen the transcript myself.

2411 . Q Is that the way you normally identify yourself, as
2412 a Catholic priest, rather than a priest of the Old Catholic
2413 Church?

2414 . A Well, I normally identify myself as an Old Catholic
2415 or Catholic. When I say Old Catholic without going into it,
2416 it generally means people look at the gray hair in my head,
2417 and, to be very frank, unless you get into the theological
2418 discussions of this thing, it gets a little technical.

2419 MR. DUNHAM: You contend you are a Catholic priest,
2420 are you not?

2421 THE WITNESS: I am.

2422 MR. DUNHAM: The others are Roman Catholic priests.

2423 THE WITNESS: Mr. Owen will be testifying like he
2424 was there. It wasn't like I was trying to hide anything. I
2425 resent some of the things made publicly about my trying to
2426 hide it. If I were trying to hide it, why would I be an
2427 associate pastor in an Old Catholic Church?

2428 BY MR. FRYMAN:

2429 . Q Was Congressman McCollum present when you
2430 testified?

2431 . A No, sir, I don't believe he was--no. As far as I
2432 know, he is not on that committee.

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 101

2433 . Q He was not present in the room?

2434 . A No. I don't think he had anything to do with it.

2435 . Q You don't know if he was aware that you were going

2436 to testify?

2437 . A I don't think so.

2438 . Q Okay. I want to ask you about several individuals.

2439 . A Sure.

2440 . Q Rob Owen, you mentioned you met him at an airport

2441 in Miami. Have you met him on other occasions?

2442 . A Yes. I met him in March and April of 1985, and

2443 possibly May. I think the last time I saw Rob Owen was May

2444 of 1985. And I actually stayed at his apartment for a

2445 couple of days in April of 1985.

2446 . Q What was the reason for that?

2447 . A Well, the obvious reason for Washington, not

2448 spending \$150.00 a day in a hotel. He just said it was

2449 available if I wanted it, and I said, thanks.

2450 . Q What other contacts have you had with Rob Owen.

2451 . A Outside of that, none, really.

2452 . Q Spitz Channell, do you know him?

2453 . A I met the man once.

2454 . Q What occasion?

2455 . A In January of 1987.

2456 . Q Where?

2457 . A In Rich Miller's office.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 102

2458 . Q What was the reason?

2459 . A I was there to present a speaker's bureau program

2460 to him. Spitz asked me to prepare and see if he would fund

2461 it.

2462 . Q What was Channell doing there?

2463 . A He was there for other things. I just came in for

2464 about 15 minutes and presented it to him and he had several

2465 of his staff people there, and then I left.

2466 . Q Did you present this to Channell as well?

2467 . A Channell was in the room when I presented it, yes.

2468 . Q And it lasted about 15 minutes?

2469 . A At most, yes.

2470 . Q That is your only contact with Channell?

2471 . A Yes.

2472 . Q An individual named Dan Conrad who was an assistant

2473 to Channell?

2474 . A Again, I met him at that meeting. I think I met

2475 him one time with Linda Guell when I was looking for funds,

2476 and I may, if my memory strikes me, I may have met him again

2477 in Rich Miller's office in passing.

2478 . Q Rich Miller's partner, Frank Gomez?

2479 . A Again, in passing. I never had a substantive

2480 conversation with him.

2481 . Q Substantive dealings with IBC have been with

2482 Richard Miller..

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 103

2483 . A Absolutely.

2484 . Q You described one meeting [REDACTED]

2485 Is that the only time you met him?

2486 . A That's right.

2487 . Q You discussed one meeting with Pat Buchanan. Have

2488 you ever met him on any other occasion?

2489 . A No, sir, I have not.

2490 . Q You described one meeting [REDACTED]

2491 Have you ever met him on any other occasion?

2492 . A No, sir, I have not.

2493 . Q Phil Mabry.

2494 . A Yes, I know him.

2495 . Q How do you know him?

2496 . A I met him at a council meeting in San Francisco.

2497 . Q What did your dealings with him involve?

2498 . A I don't know how to describe Phil Mabry except he

2499 tends to, you know, he has said a lot of things about a lot

2500 of people including myself. He seems to go back and forth

2501 on this issue, from pro-Sandinista to anti-Sandinista. I am

2502 never sure what side of the fence he is really on, and I am

2503 not sure if anybody else is either. I have gotten to the

2504 point I really have trouble believing just about anything he

2505 says. I haven't had any recent contact with him.

2506 MR. DUNHAM: I have.

2507 MR. FRYMAN: Off the record.

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: MIR216002

PAGE 104

2508 BY MR. FRYMAN:

2509 Q Going back to your meetings with Colonel North, at
2510 a meeting with Colonel North in June of 1986, was there a
2511 discussion of Colonel North arranging for funds to be paid
2512 to a lawyer for Mr. Calero? Do you recall any discussion of
2513 that?

2514 A No, sir, I do not.

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2531 Q At a meeting with Colonel North in August of 1986,
2532 did you discuss Robello? Do you recall ever discussing

UNCLASSIFIED

NAME: MIR216002

PAGE 105

UNCLASSIFIED

2533 Robello?

2534 . A I am sure we may have. It is quite possible.

2535 . Q For the record, who is Robello?

2536 . A Alfonso Robello. He is actually on the new board
2537 of the Nicaraguan resistance and he was on the old one also,
2538 the United Nicaraguan Opposition.

2539 . Q What would your association with him have been?

2540 . A It's been very minimal.

2541 . Q Did you ever have any discussion with Colonel North
2542 about the former leader of Haiti, Devalier?

2543 . A Yes. I believe there was a picture or something
2544 regarding Robello. I had come across that piece of
2545 information, and I can't remember where.

2546 . Q Could you explain that?

2547 . A Yes. There was a picture of--I believe Robello at
2548 one time got the Order of Merit or whatever from Papa--not
2549 Papa Doc, but Baby Doc.

2550 . Q Why were you relaying this information to Colonel
2551 North?

2552 . A I found it humorous to be frank with you, that is
2553 all. I don't believe there was any great--I can't think of
2554 any other reason. Well, possibly because Robello fancied
2555 himself as representing the more liberal end of the spectrum
2556 and then somebody told me, I can't remember who told me now,
2557 but somebody told me there was this picture of him receiving

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 106

2558 | the Order of Merit from Baby doc. I found that rather
2559 | incongruous, that's all.

2560 | . Q In your meetings with Colonel North, was there any
2561 | discussion about you taking a job with the White House?

2562 | . A No, sir. Never.

2563 | . Q Ever working for Judge Clark?

2564 | . A Absolutely not.

2565 | . Q Admiral Poindexter?

2566 | . A No, sir.

2567 | . Q Do you recall telling Colonel North in October of
2568 | 1986 and discussing a scheme of two weeks earlier?

2569 | . A You have to be more specific.

2570 | MR. DUNHAM: We need a little more there, Tom.

2571 | BY MR. FRYMAN:

2572 | . Q Do you recall discussing with Colonel North that
2573 | Elliott Abrams should not go back at that time?

2574 | MR. DUNHAM: Go back where?

2575 | . Q I'll leave the question stand if you understand it.

2576 | . A I really don't understand it. I really don't.

2577 | Abrams should go back?

2578 | . Q Should not go back now.

2579 | . A I would really have to be--

2580 | MR. DUNHAM: Do you have anything to refresh his
2581 | recollection on that? Or a reference?

2582 | MR. FRYMAN: I'll let the question stand if you

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 107

2583 | don't.

2584 | THE WITNESS: I don't really remember it. It seems

2585 | strange I would make a statement about Elliott Abrams.

2586 | BY MR. FRYMAN:

2587 | Q I'm asking if you recall.

2588 | A I really don't, no.

2589 | Q Did you ever have any discussion with Colonel North
2590 | about whether you had been in the Nicaraguan Embassy?2591 | A Never. First of all I've never been in it. There
2592 | would no no reason for me to discuss it.

2593 | Q There was never any discussion with Colonel North?

2594 | A No, never.

2595 | MR. FRYMAN: Off the record.

UNCLASSIFIED

NAME: HIR216002

PAGE 108

2596 RPTS LYDA

2597 DCMN DANIELS

2598 [1:40 p.m.]

2599 . BY MR. FRYMAN:

2600 . Q Father Dowling, are you familiar with a bank
2601 account under the name of Pakefield Enterprises?

2602 . A No, sir.

2603 . Q Are you familiar with an organization named
2604 Pakefield Enterprises?

2605 . A No, sir.

2606 . MR. FRYMAN: I have no further questions.

2607 . EXAMINATION ON BEHALF OF THE SENATE SELECT
2608 COMMITTEE

2609 . BY MR. KAPLAN:

2610 . Q Father Dowling, as I introduced myself this
2611 morning, I am Jamie Kaplan, Associate Counsel with the
2612 Senate Select Committee.

2613 I will be brief. You have been very patient today and I
2614 appreciate it.

2615 . Father Dowling, you mentioned this morning in
2616 response to a question put to you by Mr. Fryman that you
2617 were never employed by a United States Government
2618 intelligence agency.

2619 . A Yes.

2620 . Q Did you ever receive any money from a United States

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 109

2621 Government intelligence agency other than the money you
2622 testified this morning came at the direction of Colonel
2623 North?

2624 . A No, sir.

2625 . Q Did Colonel North himself actually ever give you
2626 any funds or traveler's checks?

2627 . A No, no. Those traveler's checks were not given to
2628 me by Colonel North.

2629 . Q So all of the traveler's checks came from Mr.
2630 Calero?

2631 . A Yes, sir.

2632 . Q Did you receive traveler's checks at any pint in
2633 time from any other source related to the Nicaraguan
2634 resistance?

2635 . A Well, from the resistance, it was from Mr Calero's
2636 direction. He may not have put them in the mailbox.

2637 . Q Did Mr. Calero send you traveler's checks at
2638 certain times?

2639 . A Yes.

2640 . Q How would you know those checks were from him?

2641 . A I would ask him or call him or write a quick note
2642 saying I needed such-and-such.

2643 . Q Were all those checks spent on travel expenses?

2644 . A No. My phone bill went from a normal person's
2645 phone bill to something outrageous since I was making calls

UNCLASSIFIED

NAME: HIR216002

PAGE 110

UNCLASSIFIED

2646 | all over the country. They were spent on things that were
2647 | related to what I was doing.

2648 | MR. DUNHAM: May I talk to my client a second?
2649 | MR. KAPLAN: Sure.

2650 | [Discussion off the record.]

2651 | MR. DUNHAM: Would you read back the question about
2652 | Colonel North?

2653 | [Whereupon, the record was read by the reporter.]

2654 | MR. DUNHAM: I think he needs to amplify that
2655 | answer. I think the answer he gave was literally accurate,
2656 | but there is a situation which I think the witness should
2657 | disclose to you which could be construed--that answer could
2658 | be construed as inaccurate based upon things he concluded,
2659 | not things he knew.

2660 | BY MR. KAPLAN:

2661 | Q Okay.

2662 | Can you amplify?

2663 | A I was never given personally any money by Colonel
2664 | North. There was one incident where I mentioned to Colonel
2665 | North that certain expenses needed to be taken care of--it
2666 | was the week of the vote, the last vote which was late June
2667 | of 1986--for two people because they had been out a lot of
2668 | expenses. One of them was Mr. Maybury and Mrs. Guell who
2669 | was in the process of putting people up in the Hotel
2670 | Washington. She had no money.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 111

2671 . So I mentioned it to him. He said, "Would you
2672 come by and pick up a package?" I handed them the package.
2673 I did not see the contents of the package.
2674 . Q When you said that Colonel North said to you,
2675 "Would you come by and pick up a package," where did he
2676 want you to come by?
2677 . A His office.
2678 . Q Did you go to his office?
2679 . A Yes.
2680 . Q He gave you a package.
2681 . Could you describe it?
2682 . A It was a package with two envelopes in it. That
2683 was all.
2684 . Q To the best of your recollection, what was your
2685 assumption at that time as to what was in that package?
2686 . A I presumed he was going to defray the expenses; it
2687 was money for that.
2688 . Q What did you do with that package?
2689 . A I gave it to the two people involved.
2690 . Q Did either Miss Guell or Mr. Maybury say anything
2691 to you afterwards that would indicate the contents of the
2692 package?
2693 . A No, sir.
2694 . Q I think immediately before we went off the record
2695 and you conferred with your counsel, the question I asked

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 112

2696 was whether traveler's checks given to you by Mr. Calero or
2697 people connected in some fashion with the resistance were
2698 spent on travel expenses in behalf of the resistance.
2699 I believe you responded affirmatively to that
2700 question.
2701 A Yes.
2702 Q Who is Kathleen Dowling?
2703 A My mother.
2704 Q Do you recall giving any traveler's checks to your
2705 mother?
2706 A I may have in exchange for cash.
2707 MR. KAPLAN: I will have them marked as Deposition
2708 Exhibit Nos. 2-A and 2-B. We have marked as Dowling
2709 Deposition Exhibit 2-A and 2-B what purports to be copies of
2710 traveler's checks drawn on Banco Delpinchina. Exhibit 2-A
2711 is a copy of the front and back of one traveler's check; and
2712 2-B is the copy of the front and back of two traveler's
2713 checks all in the denomination of \$50.
2714 [The documents marked Dowling Exhibit Nos. 2-A and
2715 2-B follow:]
2716
2717 ***** COMMITTEE INSERT *****

UNCLASSIFIED

NAME: HIR216002

PAGE 113

UNCLASSIFIED
TOP SECRET

2718 . BY MR. KAPLAN:

2719 . Q Father Dowling, is that your mother's name on the

2720 front of the check?

2721 . A Yes.

2722 . Q If you could turn the pages of each exhibit and

2723 look at them, I take it there is no signature on the checks

2724 on 2-B, but on the copy of the back of traveler's checks 2-

2725 A, is that your mother's signature?

2726 . A Yes.

2727 . Q Do you recall the circumstances under which you may

2728 have written those two checks to your mother?

2729 . A It may have been just for immediate cash.

2730 . Q Where does your mother live?

2731 . A In San Raphael.

2732 . Q Just for the record, San Raphael, California, is in

2733 Marin County?

2734 . A Yes, that is right.

2735 . Q Before we ^{leave} ~~leave~~ those checks, do those checks

2736 refresh your recollection as to the circumstances under

2737 which you gave them to your mother?

2738 . A Well, they actually came, some of the checks were

2739 actually sent to her house because obviously they were

2740 unsigned checks. So I would ask Calero to send them to her

2741 place if I was not in and about. So that would be the

2742 circumstances.

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 114

2743 . Q Do you recall any better the circumstances under
2744 which you would have written traveler's checks to your
2745 mother in July of 1985 and August of 1985?
2746 . A July of 1985? I don't know.
2747 . Q If you don't recall--
2748 . A I presume unless she had loaned me, it could have
2749 been a loan, it could have been just that I needed the cash,
2750 you know.
2751 . Q But your testimony today is that to the best of
2752 your recollection, these checks were written out to your
2753 mother in exchange for cash?
2754 . A As far as I know, yes, or it could have been a
2755 loan.
2756 . Q A loan to your mother?
2757 . A No, that I might have borrowed from her.
2758 . Q And you were using the traveler's checks to repay
2759 the loan that she had made to you?
2760 . A It might have been an expense that I had to pay. I
2761 am thinking there might have been a telephone bill at about
2762 that time.
2763 . Q When did you first meet Linda Guell?
2764 . A In March of 1985.
2765 . Q Who proposed the use of Western Legal Foundation to
2766 create LASSI?
2767 . A Linda Guell.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 115

2768 Q What prompted that proposal?

2769 A Because I mentioned that I was thinking of setting
2770 up a non-profit to deal with information in a systematic
2771 way.

2772 Q Do you recall when that proposal was made?

2773 A It was probably somewhere around April or May of
2774 that year, something like that.

2775 Q So as I understand it, you mentioned to Linda Guell
2776 your interest in creating something like LASSI?

2777 A Yes, exactly.

2778 Q She proposed in return that you could use the
2779 Western Legal Foundation as the corporate framework for
2780 setting LASSI up; is that correct?

2781 A Yes.

2782 Q How well did you know Linda Guell when she proposed
2783 that you could use Western Legal Foundation?

2784 A I had only met her a couple of months. She was
2785 very involved at that time in the freedom fighter situation.

2786 Q Were you surprised by her proposal?

2787 A No. It seemed logical instead of going through the
2788 whole process.

2789 Q Part of the whole process being applying for tax-
2790 exempt status and the like?

2791 A Yes, since the corporation she was suggesting was
2792 more or less essentially non-functioning.

UNCLASSIFIED

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 116

2793 . Q When did the transfer actually take place?

2794 . A We put it through Curtis Merge. He was the lawyer

2795 of record. His office basically did nothing, to my

2796 surprise. According to the books, it shows we made them.

2797 The name change was made official only recently through

2798 their office in the District of Columbia.

2799 . Q Where did the funds come from?

2800 . A The initial funds came from Western Goals and after

2801 that from LASSI itself.

2802 . Q You mentioned this morning that you drew a minimal

2803 salary as Executive Director of Lassi. What was that

2804 salary?

2805 . A Since a lot of my expenses were paid, we are in the

2806 process of looking at that, it is several thousand dollars.

2807 We are probably looking at five or six thousand dollars.

2808 . Q Over the course?

2809 . A No. We are talking about 1986 now. There are

2810 other things, one of them I mentioned.

2811 . Q So your salary for 1986 would have been five or six

2812 thousand dollars?

2813 . A From LASSI itself, yes.

2814 . Q Did you receive a salary from some other

2815 organizations?

2816 . A There were some other increments in there. I think

2817 I mentioned \$3,000 that I was considering income.

UNCLASSIFIED
SECRET

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 117

2818 . Q Any other sources of income in 1986?

2819 . A There may have been a couple of speaking

2820 engagements for CAUSA. If I remember, it was \$600.

2821 . Q Is LASSI still an ongoing institution?

2822 . A Well, we don't have any money. We are in the

2823 process of getting the tax stuff straightened out.

2824 . Q That is my next question.

2825 . How much money is left?

2826 . A Less than \$100 in each account. I am keeping the

2827 accounts alive right now.

2828 . Q How would you break it down? I realize I am asking

2829 you to estimate the breakdown, but how would you break down

2830 the use of the ^{93,000}~~100,000~~ or so dollars that made its way into

2831 LASSI's accounts.

2832 . A I would say about \$35,000 went through the

2833 operations account in San Francisco, roughly. Several

2834 thousand were paid in consultant fees to Linda Guell, I am

2835 not sure, maybe \$6,000. Then several thousand dollars were

2836 expended on the trips to Central America last year.

2837 . Q Approximately how much was spent on them?

2838 . A Three or four thousand dollars, I forget. It is in

2839 the books. Most of the balance was paid for my expenses

2840 here in Washington. I actually tried to save some by

2841 renting an apartment for a while.

2842 . Q What would you approximate those expenses to be?

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 118

2843 . A Somewhere around 30 to 35--that is including a good
2844 part of this year, so we are talking about a period of well
2845 over a year, well over a year.

2846 . Q I want to ask you a few questions about your use of
2847 Mr. Calero's credit card.

2848 . A Sure.

2849 . Q Was your use of Mr. Calero's credit card monitored
2850 in any fashion?

2851 . A Not really, no.

2852 . Q He gave you the credit card number during what time
2853 period?

2854 . A In late 1984 for the first trip down here.

2855 . Q Did he give you any instructions as to how and when
2856 to use that credit card number?

2857 . A No. He said I could use it for trips when I went
2858 out to speak or to meet with groups, setting up meetings, et
2859 cetera.

2860 . Q Did you tell him when you used the credit card?

2861 . A No, I did not.

2862 . Q Did he ever ask you when you used the credit card
2863 for a particular piece of travel?

2864 . A No.

2865 . Q What class travel did you generally travel?

2866 . A Always the economy; always.

2867 . Q Who chose your hotels?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 119

2868 . A Usually I did. I would have the travel agent make
2869 an arrangement sometimes. It would vary.

2870 . Q Was there an effort on your part to stay in economy
2871 hotels as well?

2872 . A Yes, if I could.

2873 . Q Did anyone ever speak to you about charges that had
2874 been made to Mr. Calero's account?

2875 . A No.

2876 . Q I believe Colonel North's calendar shows you had a
2877 meeting with him on November 17, 1986.

2878 . Do you recall the substance of that meeting?

2879 . A I had recently been in Philadelphia and I was
2880 talking about that.

2881 . Q Was there any discussion of the events of the
2882 moment?

2883 . A None. The only thing he said, he was really in a
2884 rush, I think it was less than five minutes. He seemed
2885 really more intense than usual.

2886 . Q When you mentioned the trip to Philadelphia, I take
2887 it it is the trip you testified about earlier in response to
2888 Mr. Fryman's question?

2889 . A Yes.

2890 . Q Did Colonel North ever mention to you anything that
2891 related to the sale of arms to Iran?

2892 . A Absolutely not.

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR216002

PAGE 120

2893 . Q Did Colonel North ever say anything to you about a
2894 diversion of the funds from the sale of arms to Iran to the
2895 contras?

2896 . A Absolutely not.

2897 . Q Did Colonel North ever mention to you or did you
2898 ever become aware of an account in Switzerland called the
2899 Lake Resources account?

2900 . A No, sir, not until I read it in The Washington
2901 Post.

2902 . Q Not until public disclosure?

2903 . A Right.

2904 . Q I take it that the same would be true for any
2905 conversations that you had with Richard Miller over the time
2906 of your relationship with him?

2907 . A Yes, about any of those three or four questions you
2908 just asked me, absolutely not.

2909 . MR. KAPLAN: I have no further questions. I
2910 believe Mr. Oliver may have some questions.

2911 . EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE
2912 . BY MR. OLIVER:

2913 . Q Father Dowling, I am going to try to have a few
2914 follow-up questions to some of the things Mr. Fryman has
2915 already covered.

2916 [REDACTED]

2917 [REDACTED]

UNCLASSIFIED

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NAME: HIR216002

UNCLASSIFIED

PAGE 123

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2979 . Q You mentioned in connection with the congressional
2980 hearing that you testified in the spring of 1985.

2981 . A Yes.

2982 . Q That you had met a staffer from the committee
2983 walking across the street?

2984 . A That is right.

2985 . Q Was that staffer Jake Dunman?

2986 . A No, sir, it was--if you mention the name I will be
2987 able to tell you.

2988 . Q But it was a staffer from the Foreign Affairs
2989 Committee?

2990 . A No, I am not sure of that. He was on the trip to
2991 Central America. I am not sure what his name was. It
2992 should have been Foreign Affairs. I just assumed that.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 124

2993 . Q He was with Mr. McCollum?

2994 . A He was one of the staffers with Mr. McCollum.

2995 There may have been others.

2996 . Q Where were you crossing the street that you

2997 happened to meet him?

2998 . A Somewhere around the Capitol here.

2999 . Q He ran into you?

3000 . A Yes. He said, "How are you doing?" and the next

3001 thing I got the phone call.

3002 . Q From whom?

3003 . A From somebody in McCollum's office.

3004 . Q Who was that?

3005 . A Probably one of the secretaries just saying,

3006 "'Could you be at the committee meeting?'"

3007 . A What did they tell you they wanted you to do at the

3008 committee meeting?

3009 . A They were very indefinite. It was a spur-of-the-

3010 moment thing. All they suggested was that I might say what

3011 I saw when I was down there.

3012 . Q How did Congressman McCollum's office know where to

3013 reach you?

3014 . A Because I had been on friendly terms with Mr.

3015 Forrest so he knew where to reach me.

3016 . Q Where was that?

3017 . A Probably at some hotel. Was it at a hotel? It was

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 125

3018 April 1985. I stayed in a lot of places in Washington.

3019 Q Your recollection is he called you at your hotel,

3020 not at somebody's office?

3021 A No. It was wherever I was staying, yes.

3022 Q When Mr. McCollum's office told you the time and

3023 place of the hearing, what did they tell you the subject of

3024 the hearing was?

3025 A It was the Subcommittee on Western Hemisphere

3026 Affairs. I believe the debate was the humanitarian aid

3027 bill.

3028 Q When you went to the committee meeting, how did you

3029 identify yourself to the Congressman who yielded his time to

3030 you?

3031 A I didn't really talk to him. Since this stuff came

3032 out in June, I believe it was Congressman Lagomarsino. I

3033 didn't talk to him. One of his staffers came up and said,

3034 "He will yield his six minutes to you," and I said fine.

3035 Q Who was that staffer?

3036 A I don't know.

3037 Q How did he know to come to you?

3038 A Because I came in. I had a collar on. He assumed

3039 who I was and then he asked me if I was Father Dowling. I

3040 said yes and he said, "When Congressman Lagomarsino's time

3041 comes up, he will yield it to you."

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UNCLASSIFIED

NAME: HIR216002

PAGE 126

UNCLASSIFIED
SECRET

3043 DCMN DANIELS

3044 . Q That was not the same staffer you met going across
3045 the street?

3046 . A No, sir.

3047 . Q After the hearing, did you discuss what you had
3048 said with any of the members of the committee or any of the
3049 staff?

3050 . A No, not rally.

3051 . Q You just walked out of the room?

3052 . A There were several witnesses after me. I think it
3053 was the time Sister Nancy Donavan gave the report on contra
3054 atrocities.

3055 . Q Did you refute what she said?

3056 . A I gave an opinion. If you have that in front of
3057 you, I have not seen it since then, but I gave an opinion
3058 about the type of people I saw in the camps. I could not
3059 specifically refute each individual incident that she
3060 mentioned, of course.

3061 . Q Was it a rather unpleasant exchange that went on at
3062 that time?

3063 . A There was no exchange except I was booed by people
3064 in the committee room, which the chairman naturally stopped.

3065 . Q After the hearing, did you talk with any of the
3066 other witnesses?

3067 . A No, no. I went over and sat down for a while next

UNCLASSIFIED

NAME: HIR216002

PAGE 127

UNCLASSIFIED
SECRET

3068 to Calero--who is the actor who was there, Robert Foxworth, I
3069 believe, also testified.

3070 . So I chatted with him for a while and left.

3071 . Q Mr. Calero was there. You indicated earlier that
3072 Mr. Calero knew you were a priest of the Old Catholic
3073 Church.

3074 . A Right.

3075 . Q Do you think the committee had the impression that
3076 you were a priest from the regular Catholic Church?

3077 . A Well, the chairman, Mr. Gejdenson, said publicly
3078 that he had it. My purpose of going in there was not to
3079 discuss my priesthood, but to discuss what I personally saw
3080 in the camps.

3081 . Q When did Mr. Calero learn that you were not a
3082 regular Catholic priest?

3083 . A Back in 1984 because I had a service in the
3084 Presbyterian Church which I was using at that time which he
3085 was at.

3086 . Q When you met Congressman McCollum in 1985 in
3087 Central America, did you tell him you were from the Old
3088 Catholic Church?

3089 . A I don't know. I really don't.

3090 . Q Did any of his staff members, Vaughn Forrest or
3091 anyone, ever learn you were from the Old Catholic Church?

3092 . A I mentioned it to them. When you say Old Catholic,

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 128

UNCLASSIFIED

3093 and you don't go into a detailed explanation, sometimes
3094 people don't know, they may think you are talking about the
3095 hairs on your head.

3096 . MR. DUNHAM: How do you know?

3097 . THE WITNESS: I don't know. I said I was with the
3098 traditionalist group, with the Latin mass.

3099 . BY MR. OLIVER:

3100 . Q Mr. Calero understood the distinction?

3101 . A Yes. He is not a theologian either, but he
3102 essentially understood the difference.

3103 . Q Did you ever have discussions with members or staff
3104 of the committee after this story broke about your
3105 appearance with Congressman Gejden^Sson's committee?

3106 . A No, sir.

3107 . Q You never discussed it with any of them up until
3108 this day?

3109 . A No, sir, I have not.

3110 . Q I would like to switch for a moment to your trip to
3111 Philadelphia. Did you meet anyone else besides John Hirtle?

3112 . A No, sir.

3113 . Q Did you ever arrange for a speech in Philadelphia
3114 for Arturo Cruz?

3115 . A No, sir.

3116 . Q Do you know whether he made a speech up there?

3117 . A I believe he had.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 129

3118 . Q This had been prior to your trip to Philadelphia?

3119 . A I am not sure of that. The speech I am talking

3120 about happened a few months ago, I believe.

3121 . Q Do you know whether Mr. Hirtle arranged that

3122 speech?

3123 . A I don't know if he arranged it or not. He was part

3124 of the committee that was organizing it. I don't know if he

3125 personally arranged it.

3126 . Q You mentioned that you traveled to Central America

3127 with Mr. Riordan who is active in Knights of Malta?

3128 . A He is a Knight of Malta.

3129 . Q Did you have a discussion about the Knights of

3130 Malta with Mr. Hirtle?

3131 . A No, I don't think so.

3132 . Q Did you have a discussion about Knights of Malta

3133 with Mr. Slease?

3134 . A No, sir. Our conversation was literally less than

3135 a minute, my only conversation with him.

3136 . Q Were you aware of any other Knights of Malta who

3137 contributed to the activities in Central America that

3138 related to the church or your activities?

3139 . A No, to my knowledge there have been none. To the

3140 church, no direct knowledge at all.

3141 . Q Did Colonel North ever mention to you the Knights

3142 of Malta?

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
SECRET

PAGE 130

3143 . A I don't think we ever sat down and discussed them.
3144 It may have come up in passing, but I know it was never
3145 anything serious.

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3162 . Q Other than Mr. Riordan, do you know of any other
3163 Knights of Malta who were involved in contributing money?

3164 . A I am not sure Mr. Riordan was.

3165 . Q I just wondered if you know who were.

3166 . A No.

3167 . Q Do you know a man known as Roy Godsen?

UNCLASSIFIED
SECRET

NAME: HIR216002

PAGE 131

UNCLASSIFIED

3168 . A No, sir.

3169 . Q Are you familiar with an organization known as

3170 Prodemca?

3171 . A Yes, sir.

3172 . Q What do you know about that organization?

3173 . A I know it assists the freedom fighters when they

3174 come to town and arranges meetings.

3175 . Q Did you have any contact with them?

3176 . A I have been to a number of meetings.

3177 . Q When was that?

3178 . A The last function of Prodemca, maybe a year ago.

3179 It has been a while.

3180 . Q Did you ever discuss with them the need for funds

3181 for LASSI's activities?

3182 . A No.

3183 . Q Were they aware what you were doing with Mr.

3184 Calero?

3185 . A I presume they were. They must have been aware

3186 that I was involved with Calero, sure.

3187 . Q Who introduced you to the Prodemca people?

3188 . A It seems to me I went to one of their functions.

3189 It could have been Boscoe Metamorris or someone like that, I

3190 met Penn Kimball at the IRD, Institute of Religious

3191 Democracy.

3192 . Q What is that?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 132

3193 . A A non-profit organization that writes reports on
3194 religious persecution around the world.

3195 . Q Were you involved with this in any way?

3196 . A No. I went to get on their mailing list.

3197 . Q Did you discuss with Penn Kimball what you were
3198 doing?

3199 . A Not really, no.

3200 . Q How did you find out about the Institution of
3201 Religious Democracy?

3202 . A It has been mentioned several times as a leading
3203 group that talks about persecution in the church. I don't
3204 remember who specifically told me. It was an institute I
3205 had heard about and I wanted to talk to them.

3206 . Q Did you receive any funds or support from them for
3207 your activities?

3208 . A Absolutely not.

3209 . Q Do you know Bruce Cameron?

3210 . A No, sir, I do not.

3211 . Q Linda Guell was a good friend of yours as we
3212 learned earlier.

3213 . A Yes.

3214 . Q Did you become aware of the problems Linda Guell
3215 was having with Spitz Channell?

3216 . A Yes, sir.

3217 . Q How did you become aware?

00438

NAME: HIR216002

PAGE 133

UNCLASSIFIED
SECRET

3218 . A She told me. **SECRET**

3219 . Q What did she tell you?

3220 . A Well, I knew that the were having a problem with

3221 regard to his taking over of Western Goals.

3222 . Q And she was opposed to his taking over Western

3223 Goals?

3224 . A It seemed to be working for a while. I was not

3225 privy to all the paperwork, the intricate details.

3226 . Q You mentioned earlier that Spitz Channell might not

3227 be too favorably disposed toward you because of the

3228 difficulties he had with Linda Guell.

3229 . A No, I don't think I said that.

3230 . Q Well, perhaps you didn't, but you were aware that

3231 they had had difficulties?

3232 . A Yes.

3233 . Q What specifically were the difficulties?

3234 . A Again, I am not sure of the dynamics. I know there

3235 were some problems with the takeover of Western Goals by his

3236 organization, the National Endowment for the Preservation of

3237 Liberty.

3238 . Q Was she concerned because of what NEPL was doing?

3239 . A She seemed to be. We did not get into a tremendous

3240 detailed discussion about this because my interests were

3241 different on this issue. I was not involved in the

3242 intricate details of it.

UNCLASSIFIED
SECRET

UNCLASSIFIED

NAME: HIR216002

PAGE 134

3243 . Q But you have remained involved with Linda Guelle
3244 since?
3245 . A She has helped us do the books, sure.
3246 . Q She has helped arrange funding sources?
3247 . A Well, nothing recently.
3248 . Q Well, the \$10,000.
3249 . A That would have been October when the letter was
3250 written.
3251 . Q It was December of 1986?
3252 . A Yes.
3253 . Q You disbursed some funds from LASSI to her?
3254 . A For consultants work. she has done a behemoth job
3255 on the books and keeping lots of things going.
3256 . Q Since that December grant, our records indicate you
3257 gave her somewhere around \$7,000.
3258 . A That could be correct, Yes, sir.
3259 . Q Were you aware that Jane McLaughlin had had a split
3260 with Spitz Channell?
3261 . A Yes. For one thing I saw her, I believe it was on
3262 ABC News.
3263 . Q Did you discuss that with Linda or Jane before you
3264 saw it on ABC News?
3265 . A I knew vaguely that there was a split, but it was
3266 not directly of concern to me.
3267 . Q But in January of 1987, you made a presentation to

UNCLASSIFIED

NAME: MIR216002

PAGE 135

UNCLASSIFIED

3268 Spitz Channell?

3269 . A Yes, sir.

3270 . Q Even after this split, you had already seen Jane

3271 McLaughlin on television?

3272 . A No, it was before that.

3273 . MR. DUNHAM: Jane was not on television. She was

3274 on television a number of times, but you saw her on

3275 Nightline; right?

3276 . THE WITNESS: Nightline or whatever.

3277 . MR. DUNHAM: After the Channell indictment?

3278 . THE WITNESS: I don't know. I know it was on TV.

3279 . BY MR. OLIVER:

3280 . Q Do you know Scott Miller?

3281 . A No.

3282 . Q John Donohue of Pittsburgh?

3283 . A No, sir. I just suddenly got the flash, that was

3284 who Hirtle was talking about, but I don't know him.

3285 . Q Did you ever meet Otto Reich?

3286 . A No, sir.

3287 . Q Jonathan Miler?

3288 . A Yes, sir.

3289 . Q When did you meet him?

3290 . A In March of 1986 briefly in Walt Raymond's office

3291 at the NSC.

3292 . Q What were you doing there?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR216002

PAGE 136

3293 . A Just talking about public relations. He was very
3294 concerned that not enough had been done.¹
3295 . Q Who put you in touch with Walt Raymond?
3296 . A Ambassador Peter Daily.
3297 . Q How did you know Ambassador Peter Daily?
3298 . A I met him at the World Business Council where I
3299 spoke at one time.
3300 . Q When was that?
3301 . A It would have been January of 1986, I believe.
3302 . Q He suggested you go see Walt Raymond?
3303 . A Yes. I gave a speech and he was impressed and
3304 said, "You may want to talk to Walt Raymond."
3305 . Q And Jonathan Miller was there?
3306 . A Not at the meeting. It seems to me he was in and
3307 about the office and I shook hands with him.
3308 . Q What did you discuss with Walt Raymond?
3309 . A Public relations strictly.
3310 . Q About what?
3311 . A What needed to be done to get the message out about
3312 what was going on in Central America.
3313 . Q What did you tell him needed to be done?
3314 . A I told him a first-class PR campaign.
3315 . Q Did you ask him for assistance or to involve you in
3316 any way?
3317 . A No. He was very specific that he was not an

UNCLASSIFIED

NAME: HIR216002

PAGE 137

UNCLASSIFIED
SECRET

3318 operational person.

3319 Q Did he indicate to you what efforts they were
3320 making in the public relations field?

3321 A A little. He talked about the Office of Public
3322 Diplomacy. It was very general stuff.

3323 Q Was Peter Daily involved in that?

3324 A No. It was just a reference.

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UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED
SECRET

PAGE 138

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3365 . Q When you were in Washington around the time of that
3366 vote, did you meet with any other State Department officials
3367 besides Elliot Abrams and Bob Kagan? Did you meet with

UNCLASSIFIED

NAME: HIR216002

PAGE 139

UNCLASSIFIED

3368 anyone in the Legislative Department?

3369 . A No, sir. I don't think I met with anybody outside
3370 of Kagan and Abrams [REDACTED]

3371 [REDACTED] There were no subsequent meetings.

3372 . Q You indicated on one of your trips to Central
3373 America that you met with Ambassador [REDACTED]

3374 [REDACTED]

3375 . A That is correct, yes.

3376 . Q Who arranged those meetings?

3377 . A Mr. Morrissey.

3378 . Q Why did Mr. Morrissey arrange those meetings?

3379 . A He was looking at some of the medical work that the
3380 Army was doing down there. I believe they have been
3381 involved with some of that stuff. It was a perfunctory sort
3382 of meeting with Ambassador [REDACTED]3383 . Q Did Mr. Morrissey have direct access to the
3384 ambassador?

3385 . A Well, we went in there.

3386 . Q Why did he have access to the ambassador?

3387 . A I really don't know. He seemed to have direct
3388 access.3389 . Q Why was [REDACTED] there? Why did you meet
3390 with [REDACTED]

3391 . A We met him--I don't know to be very frank with you.

3392 . Q It didn't seem very unusual to be meeting with a

UNCLASSIFIED

NAME: HIR216002

PAGE 140

UNCLASSIFIED
SECRET

3393 military attache?

3394 . A We had a helicopter that took us out to see the
3395 delivering of food to the people, so maybe it had something
3396 to do with that, I don't know.

3397 . Q They took you to see delivery of food to the
3398 people?

3399 . A Yes.

3400 . Q To which people?

3401 . A The peasants, the campesinos [REDACTED]

3402 . Q What kind of a helicopter, American military?

3403 . A Yes, sir.

3404 . Q Did [REDACTED] arrange that?

3405 . A We are presuming. I didn't see him pick up the
3406 phone.

3407 . Q What was the purpose of having you see this?

3408 . A Well, I believe that the, whatever they call the
3409 civilian program down there, whatever it is, they felt that
3410 not too many people had seen it and it would be good.

3411 . Q Did they indicate to you who was paying for that
3412 food?

3413 . A No, sir, they did not.

UNCLASSIFIED

NAME: HIR216002

PAGE 141

UNCLASSIFIED

3414

3415 DCMN KOEHLER

3416

3417 . Q Why was the American embassy so interested in
3418 showing you that?

3419 . A They may have been interested in showing Morrissey
3420 that also. I was there and went along with them for the
3421 ride.

3422 . Q Was Colonel North involved in setting up those--

3423 . A Not at all.

3424 . Q Did you talk with him after you came back to the
3425 United States?

3426 . A I told him I had been there, what I had seen,
3427 that's all.

3428 . Q You indicated that you met Rich Miller or Rich
3429 Miller thinks he met you at a party at Dan Kirkendahl's
3430 townhouse in July 1985?

3431 . A That is correct.

3432 . Q What was the purpose of that party?

3433 . A I believe it was to celebrate the humanitarian aid
3434 victory.

3435 . Q Who else was there?

3436 . A A lot of your, I mean a lot of conservative groups
3437 were represented.

3438 . Q Was Colonel North there?

UNCLASSIFIED

NAME: HIR216002

PAGE 142

UNCLASSIFIED
SECRET

3439 . A No, sir.

3440 . Q Was Elliott Abrams there?

3441 . A No, sir. I don't believe any government official

3442 was there. I don't recall running into any of them any way.

3443 . Q You were in Washington in August of 1986 prior to

3444 your departure for Central America?

3445 . A Yes, I was.

3446 . Q Why were you in Washington?

3447 . A Probably to just go from Washington down, you know,

3448 make arrangements, final arrangements, for the trip.

3449 . Q What kind of final arrangements did you make?

3450 . A A travel trip, getting Morrissey set up, et cetera.

3451 . Q Did you meet with Congressman McCollum in August of

3452 1986?

3453 . A No, I don't think so. I don't believe he was there

3454 actually. It was a recess at that time.

3455 . Q I would like to--

3456 MR. OLIVER: I would like to make this telephone

3457 message as Exhibit number 3.

3458 BY MR. OLIVER:

3459 . Q This telephone message was in the documents turned

3460 over by Spitz Channel's organizations to the committee and

3461 it is dated 8-11-1986 to Linda at 11:36 in the morning, and

3462 it says, while you were out Father Dowling, the telephone

3463 number it leaves is [REDACTED] the message is, he is at

UNCLASSIFIED

NAME: HIR216002

PAGE 143

UNCLASSIFIED
SECRET

3464 Congressman McCollum's office.

3465 . A Yes.

3466 . Q He will be there for the next five minutes. Does
3467 that refresh your recollection about meeting with
3468 Congressman McCollum?

3469 . A No, I am sure I didn't meet with him. In fact, the
3470 date would indicate that he was probably on recess.

3471 . Q Did you meet with someone else in Congressman
3472 McCollum's office?

3473 . A I probably met with Morrissey preparing for the
3474 trip.

3475 . Q Do you remember talking to Linda Guell prior to
3476 your meeting in Central America in August 1986?

3477 . A I am sure I did.

3478 . Q Was she involved in any way in this trip?

3479 . A Well, I was using a travel agent that she knew, so
3480 that may have been, we may have talked about the
3481 particulars, the particulars of the trip, but that would
3482 have been about it.

3483 . Q Who was that travel agent?

3484 . A I don't use it anymore. It is down here in
3485 Washington somewhere. I would have to, I can't remember
3486 which agency it was really.

3487 . Q I have no further questions. Thank you, Father.

3488 MR. FRYMAN: I have one final question. When was

UNCLASSIFIED

NAME: HIR216002

UNCLASSIFIED

PAGE 144

3489 | the last time you spoke to Oliver North?

3490 | THE WITNESS: I think you just told me. Whenever

3491 | that--one of you mentioned a meeting I had with him in

3492 | November.

3493 | BY MR. FRYMAN:

3494 | Q What is your recollection?

3495 | A That is my last recollection.

3496 | Q You have not spoken with him in 1987?

3497 | A Absolutely not. Whatever date you gave me of that
3498 | meeting.

3499 | MR. DUNHAM: November 17, 1986.

3500 | MR. OLIVER: I am sorry, I have a couple more
3501 | questions.


3502 | BY MR. OLIVER:

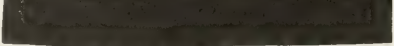
3503 | Q Who is Jim Pasado?

3504 | A He is a gentleman who works with LASSI out in San
3505 | Francisco.

3506 | Q What is his job?

3507 | A He doesn't have a job, he helps us with organized
3508 | speaking engagements. He goes around speaking on the issue.

3509 | Q 

3510 | A 

3511 | Q How did he happen to become involved with LASSI?

3512 | A I met him when I spoke before the retired group of
3513 | intelligence officers a few years ago, his particular

UNCLASSIFIED

NAME: HIR216002

PAGE 145

UNCLASSIFIED
SECRET

3514 | branch, and we got to be friendly. That's basically it.

3515 | Q Did he organize just speaking engagements, did he

3516 | organize other things for you?

3517 | A That's about it.

3518 | Q Did LASSI or other people working for you gather

3519 | information on domestic opponents of the President's

3520 | policies in Central America?

3521 | A No, that has not been one of our functions.

3522 | Q You never did pass on any information about

3523 | opponents of the President's policy to the FBI or government

3524 | officials?

3525 | A No.

3526 | Q Do you know General Singlaub?

3527 | A Yes, sir.

3528 | Q How do you know General Singlaub?

3529 | A I met him through Adolfo Calero.

3530 | Q Were you ever involved in any of his activities?

3531 | A No, sir.

3532 | Q Did you ever receive any money from him?

3533 | A Not to my knowledge. That \$3,000 Adolfo Calero

3534 | sent me could have--at the time he could have mentioned

3535 | something about General Singlaub, but the check did not

3536 | indicate that, so I have no knowledge of that, and I never

3537 | discussed it with General Singlaub.

3538 | Q Did you ever meet Brett Sciaroni?

UNCLASSIFIED
SECRET

NAME: HIR216002

UNCLASSIFIED

PAGE 146

3539 . A Yes, sir.

3540 . Q How did you come to met him?

3541 . A I met him socially at Colonel Peno's house.

3542 . Q Did you ever discuss any of your activities with

3543 him?

3544 . A I am sure I did. In terms of public relations and

3545 what I was doing? I am sure.

3546 . Q Did he ever mention to you what he was doing?

3547 . A Sure.

3548 . Q Did he talk to you at all about any work that ^{he} ~~he~~

3549 was doing for Colonel North at the NSC?

3550 . A No.

3551 . Q Did you ever seek any information from Phil Mabry

3552 relating to the Christic Institute?

3553 . A Phil Mabry volunteered that information at one

3554 time. I never received it.

3555 . Q What information did he provide?

3556 . A Basically their publications.

3557 . Q Why did he volunteer that information?

3558 . A Because Phil Mabry, as I indicated earlier, has the

3559 tendency to go from one side of the fence to the other. On

3560 one month he will be on one side and the next month he takes

3561 the opposite side.

3562 . Q Do you know why he would supply that information to

3563 you?

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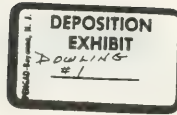
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NAME: HIR216002

PAGE 147

3564 . A He knows where I stand.
3565 . Q What did you do with the information?
3566 . A I think I just left it, filed it. I didn't do
3567 anything with it. There was nothing, believe me, there was
3568 nothing extraordinary about it. Anybody could walk into
3569 their offices I am sure and get the same information.
3570 MR. OLIVER: I have no further questions. Thank
3571 you.
3572 MR. FRYMAN: No questions.
3573
3574 (Adjourned at 2:35 p.m.)

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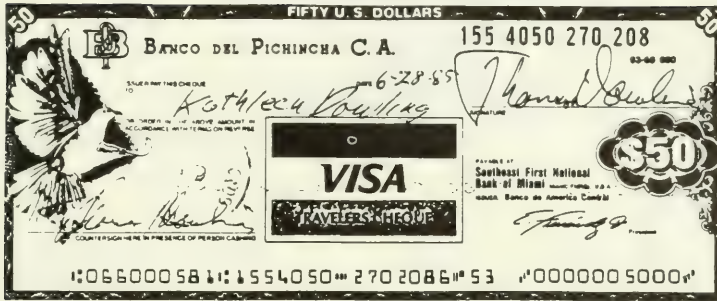
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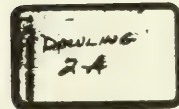
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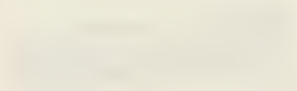
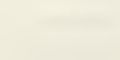
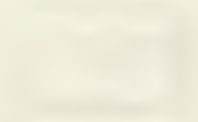
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7-26-85
FEDERAL
Security Office

Working Draft
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18. 11. 1980

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FIFTY U.S. DOLLARS

BARCO DEL PICHINCHA C.A.

55 4050 270 210

63-50 890

ISSUED FOR TRAVEL CHEQUE

DATE 6-28-87

TO *Theresa Powell*

FOR PAYMENT TO THE BENEVOLENT SOCIETY OF
COLUMBIANA ON 11-11-87 IN NEW YORK

Theresa Powell

\$50

PAYABLE AT
Southeast First National
Bank of Miami
Miami, Florida, U.S.A.
Member Service of American Central

Theresa Powell

VISA

TRAVELERS CHECK

COUNTY DESIGN HERE IS PRESENCE OF PEÑON CARRIZO

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3829

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BOWLING
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AG 85 03

PAY ANY BANK
CONTINUED
CHICAGO, IL

AG 85 02

PROCESSED
WELLS FARGO BANK
SAN FRANCISCO, CA
PAY ANY BANK

AG 85 03

PAY ANY BANK
CONTINUED
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CH 1642

To Lord
 Date 8-11-86 Time 11:36

WHILE YOU WERE OUT

M Father Downing
 of [REDACTED]
 Phone [REDACTED]

TELEPHONED	PLEASE CALL	<input checked="" type="checkbox"/>
CALL TO SEE YOU	WILL CALL AGAIN	
WENT TO SEE YOU	URGENT	

RETURNED YOUR CALL ☐

Message: He is at
congressman McCall's
office. He will be here
1 pm. 8/11/86
L. Muntal
Qasf

PRIVACY

REF. ADDRESS
 A 0016711

DEPOSITION
 EXHIBIT

3

5-457 DKS

Partially Excluded
 Under provisions
 of B. 2057, National Security Act

Case in 1/22/88
 T.E.O. 12354

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1. The first part of the paper discusses the importance of the study of the history of the English language.

2. The second part of the paper discusses the importance of the study of the history of the English language.

3. The third part of the paper discusses the importance of the study of the history of the English language.

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11. The eleventh part of the paper discusses the importance of the study of the history of the English language.

12. The twelfth part of the paper discusses the importance of the study of the history of the English language.

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Committee Hearings
of the
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THOMAS:mhl

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1
2
3
4 DEPOSITION OF ROBERT C. DUTTON
5

6 Friday, May 4, 1987
7

8 U.S. House of Representatives,
9 Select Committee to Investigate
10 Covert Arms Transactions with Iran,
11 Washington, D.C.
12

13 The Committee met, pursuant to call, at 2:20 p.m., in
14 Room H-328, The Capitol Building, Ken Ballen and Ben Buck
15 presiding.

16 Present: Ken Ballen and Ken Buck, Staff Counsel on behalf
17 of the House Select ~~Committee~~ ^{to Investigate} ~~on~~ Covert Arms Transactions
18 with Iran; Paul Barbadoro, Counsel, on behalf of the Senate
19 Select Committee on Secret Military Assistance to ~~the~~ Iran and
20 the Nicaraguan Opposition; ^{John} ~~Paul~~ Dowd and Sara Dawson, on behalf
21 of the witness.
22
23
24
25

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2

1 MR. DOWD: Counsel for Mr. Dutton understand that
2 the reporter is a Notary in the Commonwealth of Virginia and
3 the State of Maryland, and has no objection to this reporter
4 administering the oath for purposes of this deposition and
5 has no objection to the form of the oath.

6 BY MR. BALLENG:

7 Q Would you give your complete name?

8 A Robert Charles Dutton.

9 Q Mr. Dutton, I would like to show you what I have
10 premarked as Dutton Exhibit Number 1, a copy of a memorandum
11 dated April 8, 1987, prepared by me. Have you reviewed this
12 memorandum, sir?

13 A Yes, I have.

14 Q And is that your handwriting that has corrected the
15 various points in the memorandum?

16 A That is correct.

17 Q And is that memorandum an accurate reflection of you
18 previous interviews with staff of the House Select Committee
19 and the Senate Select Committee?

20 A It doesn't cover everything we discussed but it
21 does cover the major points.

22 Q What it covers, is it an accurate representation
23 of what you said?

24 A I believe so.

25 Q Thank you.

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3

1 Mr. Dutton, how long did you serve in the Armed
2 Forces of the United States?

3 A About 26 and a half years.

4 Q Which branch of the service?

5 A United States Air Force.

6 Q What in general were your responsibilities with the
7 United States Air Force?

8 A I was a pilot the entire time. I served most of my
9 career in the area of special operations, which includes
10 unconventional warfare, counterinsurgency, counterterrorism.
11 I served from the squadron level through Headquarters Air
12 Force level. I was mostly in the operational side of the
13 Air Force. I dealt in current operations, things that are
14 going on right now. I was involved in a number of special
15 operations. I don't know how much detail you want.

16 Q

17 A

18 Q Did you know General Richard V. Secord?

19 A Yes, sir.

20 Q How did you happen to know him?

21 A I met him I believe it was in 1964, the first time.
22 He was involved at that time with the First Air Commandos.
23 We served in Vietnam and Thailand at the same time.

24 I remained an acquaintance of his until 1976 when
25

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1 I went to work for him in Teheran in the Air Force section of
2 the Military Assistance Advisory Group. We were stationed
3 together there two and a half years and returned to Washington
4 D.C. I went to work on the Air Staff, General Secord went to
5 the Office of the Secretary of Defense, and we have remained
6 friends since.

7 Q When did you retire from the United States Air Force?

8 A 1 May 1986.

9 Q What was your rank when you retired?

10 A Colonel.

11 Q And did General Secord offer you a position which
12 led to your retirement?

13 A I had made a decision that I was going to retire at
14 which time he talked to me about a position, and did make an
15 offer to me.

16 Q What was his offer?

17 A His offer was to come to work for Stanford
18 Technology Trading Group International, which was a partnership
19 of himself and Albert Hakim. We would be working international
20 projects.

21 He did tell me that he had a special operations, that
22 did not involve the company, that he was working to support,
23 and that he needed my help on, and it had to do with an
24 operation in Central America, an air operation, and that they
25 were having a great deal of trouble with it, and he needed

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1 help on that, and that is probably, that would be the major
2 thing that I would be tied up with at first.

3 Q What date did you start?

4 A I started on the second of May.

5 Q And what was your salary?

6 A Five thousand dollars a month.

7 Q The special operation, air operation in Central
8 America that he described to you, was this Stanford Technology
9 business or not?

10 A No, it was not.

11 Q Were you to be separately compensated for your
12 efforts in regard to this?

13 A No, I was not.

14 Q How did General Secord describe to you the purpose
15 of the air re-supply operation? Did he say where in Central
16 America it would be?

17 A Yes, sir. The re-supply operations themselves would
18 be in [REDACTED] Nicaragua, that we would be operating
19 out of [REDACTED] that they had a small fleet of aircraft
20 that would be delivering arms, munitions, uniforms, medicines,
21 to the contra both at the forward operating base and [REDACTED]
22 [REDACTED] to forces inside of
23 Nicaragua.

24 (Discussion off the record.)

25 BY MR. BALLEEN:

Q Were you to be separately compensated?

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1 Let me ask you this question: in fact, were you ever
2 separately compensated for this operation?

3 A No, I was not.

4 Q So your only salary that you received in connection
5 with it was your regular salary from Stanford Technology
6 Trading Group International?

7 A Yes, sir.

8 Q You also performed other business for them?

9 A That is right.

10 Q Off the record.

11 (Discussion off the record.)

12 BY MR. BALLEEN:

13 Q Let me clarify your answer. Delivering them both
14 forward operating bases [REDACTED] did General Second
15 mention to you deliveries inside Nicaragua [REDACTED]?

16 A At the beginning, yes. We were to drop inside
17 Nicaragua. I don't recall us discussing [REDACTED]
18 [REDACTED] to any length at that time. Within the next week after
19 I first started there, we discussed it as a separate issue.
20 In fact, the airstrip was being built in northwestern Costa
21 Rica [REDACTED]
22 [REDACTED]

23 Q Did General Second tell you who had approved this
24 operation?

25 A He told me that we were working at the behest of

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1 the White House.

2 Q Did he tell you that this was a clandestine
3 operation?

4 A Yes.

5 Q Run at the behest of the White House?

6 A Yes.

7 Q Now, as part of the project, were you to both
8 supply munitions and other goods to the FDN in the north and
9 also attempt to open up the southern front?

10 A That is correct.

11 Q Now, sir, your responsibility in connection with
12 this air supply operation was what?

13 A When I first joined the operation on the first of
14 May, the aircraft were in very poor condition. There was a
15 lack of spare parts. We weren't able to keep them flying.
16 Because the aircraft weren't flying, we weren't making any
17 deliveries.

18 The troops, especially in the south, were in dire
19 need of assistance, and I was asked to become as familiar as
20 I could with the entire operation down there, make whatever
21 changes needed to be made, assist in facilitating getting spare
22 parts, and basically getting the operation working. It just
23 wasn't working.

24 Q Sir, did there come a time in managing this air
25 resupply operation that you met Lieutenant Colonel Oliver

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8

1 North of the National Security Council?

2 A Yes sir.

3 Q And what were the circumstances, do you recall?

4 A To the best of my knowledge, it was --

5 Q Let me ask this question. Did there come a time
6 when you met or talked to Oliver North?

7 A I talked to him on the phone, I ^{would} ~~would~~ say probably
8 a number of times before I ever met him, and the first time
9 I met him was away from the White House, and it was in Vienna,
10 Virginia.

11 Q Did you come to learn that North was the person
12 at the White House who directed the airlift operation?

13 A That is correct.

14 Q Sir, you mentioned your responsibility in connection
15 with this operation. Were you told by General Secord and
16 Oliver North where the funds were for this operation, where
17 they were coming from?

18 A Eventually General Secord indicated that the funds
19 were coming from Geneva. Any expenditures that I dealt with
20 which would be invoices, would be sent to me, I would review
21 them for correction, necessary completeness, get any questions
22 answered that I thought General Secord might have. I would
23 present them to him, and if he approved them, then he would
24 call Mr. Hakim to effect a wire transfer to whoever would
25 require the funds.

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1 Q You are now referring to the actual physical location
2 of the funds as coming from Geneva; is that correct?

3 A That was my understanding, yes.

4 Q Let me ask a more general question. Did Colonel
5 North and General Secord tell you that the monies that were
6 supporting this operation were privately donated monies?

7 A That is correct.

8 Q Did they also tell you that there were limits to that
9 money?

10 A Absolutely.

11 Q What did they tell you in that regard?

12 A There was not a bottomless pit of money, that we
13 had to be very careful in handling the funds that we had. We
14 had to account for the money as it was spent, which we did.
15 We could purchase those things that were necessary to complete
16 or to accomplish the mission, but we were not to spend anything
17 extra and anything that we felt that we really needed, we
18 needed their authority to procure, such as the new aircraft,
19 the fifth aircraft, that we finally got; some special
20 navigation equipment; storm scopes for the aircraft.

21 Q This was both Oliver North and General Secord?
22 Both indicated to you the limited nature of the funds involved?

23 A That is correct.

24 Q Did they also describe to you their concept that
25 they didn't want to see the contras' cause destroyed before

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1 Congress could vote additional funds, that this was the purpose
2 of the operation?

3 A It was my understanding the purpose of the operation
4 was to keep the contras alive and growing. Colonel North did
5 tell me that the forces in the south were growing at a rate of
6 approximately 150 a day, and that was going to require more
7 food, medicines, uniforms, and weapons, and, therefore, we
8 had to get the operations working as quickly as we could.

9 Q Did General Secord ever discuss with you the
10 legality of the operation?

11 A Yes, he did. At the initial briefing that he gave
12 me in the office on the second of May, I questioned whether what
13 we were doing was proper and legal, and he assured me it was,
14 and gave me a copy of a legal opinion which had been signed by
15 Sandy Martin, that stated in relation to the Neutrality Act
16 that as long as we did not deliver personnel, that case law
17 showed that we would stay within the law concerning the
18 Neutrality Act. And in a separate discussion, we talked about
19 the Arms Export Control Act, that we could not ship any weapons,
20 munitions either through or from the United States, and that
21 we would always be careful never to do that.

22 Q What was your knowledge as to where the weapons were
23 being shipped from?

24 A My understanding was they were coming from Europe.
25 Later on in the operation, I came to understand that they were

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1 shipped from [REDACTED]

2 Q Who was involved in that?

3 A Tom Clines [REDACTED]

4 Q Now, did General Secord also tell you at that time
5 that the air resupply support for the contras was further lega
6 because you could not be in violation of an Appropriation Act?

7 A That was discussed. I would say that it is probably
8 an accurate statement. It was probably done more in the form
9 of a question, how could you be in violation of an ^{Appropriation} Act and
10 these were privately donated funds, the Act didn't apply in
11 any case.

12 Q Referring to what is commonly called the Boland Act?

13 A Yes.

14 Q Now, did Secord further explain to you at that time
15 the covert nature of this operation?

16 A To the degree that the sensitivity of the operation
17 was in dealing with the Central American countries that we
18 were working with, and who we were supporting. If, in fact, th
19 operation became public knowledge, [REDACTED]

20 [REDACTED]
21 [REDACTED] For those
22 reasons, it had to remain clandestine.

23 Q Do you recall him also expressing to you in that
24 vein that it had to be sensitive, clandestine, because of
25 possibly revealing the identity of some of the donors to the

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12

1 program? Did he mention that to you?

2 A As I recall, the identity of the donors was
3 sensitive, but I don't believe it added sensitivity to the
4 operation.

5 Q Did he say anything in regards to the fact that
6 exposure in the press in the United States could needlessly
7 irritate Congress before they had an opportunity to vote again

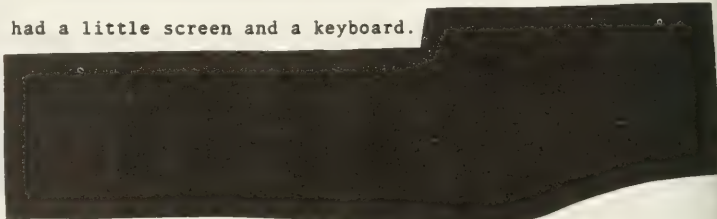
8 A That is an impression I got. I don't remember a
9 particular discussion where the effect of Congress being
10 needlessly antagonized was the issue. The greater issue was
11 the people that were supporting us.

12 Q Did General Secord, during the month of May, begin
13 furnishing you with a KL-43 encryptible communications device?

14 A Yes.

15 Q And could you describe that a little? What is a
16 KL-43?

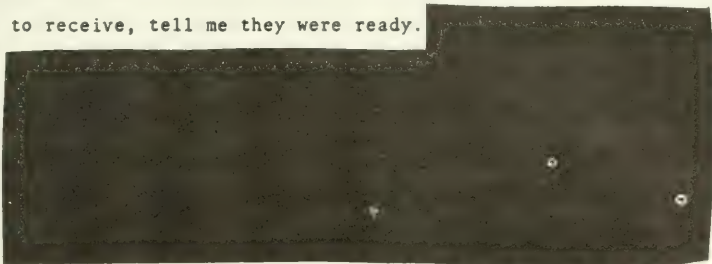
17 A A KL-43 looked like a small portable computer and
18 had a little screen and a keyboard.

19 
20
21
22
23 If I were to prepare a message, I would type it out
24 in clear text, encrypt it, and then prepare to send. I would
25 call whoever I needed to send the message to, I would tell

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1 them I had a message for them. They would set up their machin
2 to receive, tell me they were ready.



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8 Q How did General Secord obtain the machine?

9 A My understanding was he got it from Colonel North.
10 They had been provided by NSA.

11 Q And who else had them besides yourself and General
12 Secord?

13 A Mr. Langton of Southern Air Transport and Raphael
14 Quintero. Mr. Gadd had one of the machines but we did not
15 communicate with him once I came into the operation.

16 The Chief of Station CIA, [redacted] whom I only
17 knew as [redacted] had one.

18 Colonel James Steele, the Commander of the Military
19 Group in El Salvador had one of the machines.

20 At one point in the operation he turned it over to
21 Max Gomez or Felix Rodriguez for a period of about a month, and
22 then took it back, and Bill Cooper, the manager of the
23 operation.

24 MR. DOWD: That is Max Gomez, also known as Felix
25 Rodriguez?

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14

1 THE WITNESS: Yes, and Oliver North had at least one
2 in the office.

3 BY MR. BALLEEN:

4 Q And the code operated via secret tape, is that
5 correct?

6 A We received a cassette of tapes once a month, just
7 before the beginning of the month.

8 Q From whom did you receive that?

9 A We would receive them from Colonel North's office.
10 The mechanics of it varied but the normal way was Shirley
11 Napier, the Administrative Assistant, would go down to the
12 White House and meet Fawn Hall, who would give her a package
13 containing -- If I was going to be able to get the tape
14 distributed to the other members, then I would receive all of
15 them. If Colonel North was going to see [REDACTED] before
16 Mr. Quintero, then he might keep that one.

17 Q Did you travel through Central America soon after
18 you started working at STTGI?

19 A Yes, I did.

20 Q When was that, sir?

21 A That was in the latter part of May, around the 20th,
22 somewhere around there.

23 Q What was the purpose of the trip?

24 A This was the initial visit. It was to get eyes and
25 hands on the operation, actually take a look at the aircraft,
all of the assets that we had, to meet the people, and become

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1 truly familiar with what the problems were and try to figure
2 out why the operation wasn't working.

3 Q How many aircraft did the operation have at that
4 time?

5 A We had four.

6 Q And briefly, what kind were they?

7 A We had a Maule, which is a light single engine
8 aircraft that we used more for a taxi to get to the other
9 forward operating bases.

10 We had two C-7 DeHavilands, and one C-123, which
11 was also a twin engine transport.

12 That was the 19th of May, the first time.

13 Q And how many flight crew and mechanics were
14 stationed there, approximately?

15 A The average over the time I believe was 19.

16 Q And at that time did you have an opportunity to
17 inspect the warehouse that was maintained for the operation?

18 A I did.

19 Q And what in general did it have in it?

20 A At that time, we had one very small area that we put
21 some of our spare parts in. It was totally inadequate for
22 the numbers that we should have had and would need.

23

24

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1 Q Were there any rifles among the weapons?

2 A Yes. AK-47 rifles, HK-21 machine guns. There were
3 uniforms, bundles of, many bundles of uniforms.

4 Q That was at your main base

5 A Yes, sir.

6 Q That would be

7 A Yes.

8
9
10

11

12 A We were attempting to establish

13 a place we referred to as either West or the Plantatio
14 which was on the northwestern coast of Costa Rica, just below
15 the Nicaraguan border, right on the seacoast. We had a 5600
16 foot strip there that we had built.

17 Q Who had initially ordered the construction of that
18 airstrip?

19 A My understanding was General Secord and Colonel
20 North had initially had it constructed.

21 Q Now, when did the air operation, to the best of your
22 knowledge, that you took over in May the management of, when
23 had that operation begun?

24 A My understanding was around the first or second
25 month, either January or February.

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1 Q Do you know how many successful drops of munitions
2 and other supplies had been made by the time that you had
3 taken over the operation?

4 A To my knowledge, there had been no successful drops
5 by the organization to the south -- the southern forces. There
6 had been some drops inside Nicaragua to the northern forces,
7 but I don't know how many.

8 Q So did you know about a SAT drop that they made?

9 A Yes. I was told about SAT. I knew about it after.

10 Q That was to the south?

11 A Yes, that is why I said our organization --

12 Q Maybe you should clarify that a little further.

13 A There had been, once I went down to visit, I was
14 told and shown on the map where a Southern Air Transport L-100
15 had made a drop to some of the southern forces wherein they
16 [REDACTED] loaded the supplies they were going to drop.
17 then flew a rather lengthy trip, penetrated from [REDACTED]
18 [REDACTED] to make the drop.

19 Q With reference to the airstrip that was being
20 constructed in Costa Rica, did Oliver North ever tell you that

21 [REDACTED]

22 A Yes, sir.

23 Q [REDACTED]
24 [REDACTED]
25 A [REDACTED]

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Q This is what Colonel North had informed you?

4

5

A Colonel North and General Second one, and/or the other.

6

7

Q Sir, what was the financial administrative setup? Specifically what role did ^{Udall}~~you~~ play, Corporate Air Service and East, to the best of your knowledge?

8

9

A To the best of my knowledge, the invoices that I received would show expenditures, I would receive invoices from East Corporation, which I understood had consultants such as people that built the airstrip down in Costa Rica. Their salaries were paid through East, and other support items. If they helped us procure parachutes and that sort of thing, these sort of things would show on the invoice. Ace was the means by which the air crews were paid and I would receive a separate invoice for that.

14

15

16

Q This is what you were referring to earlier, that they would tell General Second of the invoice and he or you would contact Mr. Hakim?

17

18

19

A He would normally contact Mr. Hakim. If he was unable to contact him at the time, or if he wasn't around, then I was to call Mr. Hakim.

20

21

22

Q Referring back to your first trip to Central America, specifically ~~you~~ who did you meet with when

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1 you arrived there?

2 A We were met by Mr. Cooper, who is manager

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 That evening -- we didn't mention Raphael Quintero
11 flew down there with me, [REDACTED]

12 The second evening, Raphael and Felix and myself
13 sat down and Felix described some of this background [REDACTED]

14 [REDACTED]

15 Q Did you meet at that time three crew members who wer
16 from Great Britain, or British?

17 A Yes, three. Two pilots and a load master or kicker,
18 had been hired for the operation before I came on board. They
19 were just arriving down there when I went down.

20 Q What was the plan behind hiring the British crew
21 people?

22 A My understanding, since I wasn't there when they
23 were hired, my understanding was that they were hired to fly
24 missions that would go to the interior of Nicaragua, wherein
25 American pilots would not cross the border. We American pilot

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1 would fly [REDACTED] out to the forward
2 operating bases on the border. They would stay outside of
3 Nicaragua, and likewise, the flights to locate equipment and
4 munitions in a base [REDACTED] they would fly those missio

5 The idea was that the Brits would then fly the
6 missions into Nicaragua itself. Unfortunately, when they got
7 down there, while they were advertised^S as having been highly
8 experienced multi-engine people, it turned out that one of
9 them did have, one of the pilots had some experience in multi-
10 engines, the other was a helicopter pilot, who had very little
11 experience. They were never of any particular value. They
12 never flew operational missions for us. The pilots didn't.
13 I believe the kicker -- loadmaster, flew one or two missions.

14 Q Now, Mr. Dutton, back to the plan behind the
15 British crewmen. Did Colonel North inform you of the plan?

16 A I believe General Secord did.

17 Q Did you ever have any discussions with Colonel North
18 about that?

19 A I probably did, especially when we were discussing
20 the problems we were having with them, that we discussed what
21 the purpose had been and the fact they were not going to do
22 what it was we wanted, or needed done.

23 Q Now, because of problems you were having with these
24 individuals, did there come a time in mid-June where
25 Colonel North authorized regular missions by American manned

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21

1 crews inside Nicaragua?

2 A Yes.

3 Q And in about the middle of June again, did you seek
4 to construct additional space in the warehouse that you already
5 had?

6 A Yes, we did. We, as I said, one of the big problem
7 with getting the aircraft flying and keeping them flying, was
8 having adequate spare parts for them. Therefore, we hired a
9 separate individual to be stationed in Miami at Southern Air
10 Transport to acquire the supplies that we needed, the spare parts
11 for the aircraft and then to forward them [REDACTED]

12 Once down there, we needed to have a place to store
13 them out of the weather and someplace to get it organized.

14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 Additionally, we had got approval to put a ramp in
19 down by our warehouse so we could move the aircraft down and
20 have them close where we needed to work on them.

21 Q Who authorized the expense involved?

22 A To my knowledge, Mr. Secord.

23 Q Off the record.

24 (Discussion off the record)

25

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1 BY MR. BALLENG:

2 Q Does this ^{refresh} ~~refresh~~ your recollection?

3 A Yes. As far as who authorized the payment, it would
4 have been General Secord and Colonel North. I was probably
5 informed by General Secord but it would be something they both
6 agreed to. Yes, we were going to make the expenditure.

7 Q If General Secord said yes, we are going to spend
8 it, it would be something to the effect yes, Ollie approves
9 making the expenditure?

10 A Ollie and I agreed to do it.

11 Q Now, after you returned to the U.S. in late May,
12 did you receive communications from Oliver North?

13 A Yes.

14 Q Did he tell you the need, the urgent need to get
15 arms to the Contra troops?

16 A Yes.

17 Q And what, if anything, did he say at that time
18 concerning new recruits?

19 A I believe I mentioned before that the force was
20 building at a rapid rate, and that not being able to supply
21 them would put them in jeopardy, and that we had to do every-
22 thing we could to get a viable air operation working that
23 could support this force.

24 Q Let me show you what I pre-marked as Dutton
25 Exhibits 3 and 4, and ask you to take a look at those. Let

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23

1 me direct your attention to what I am referring to on 3 is just
2 the very last paragraph.

3 A Okay.

4 Q On the back.

5 A All right. Okay.

6 Q Sir, do you recognize these exhibits?

7 A I recognize this one as being mine, and that is
8 Exhibit 4, as one that I sent to Colonel North.

9 Q And what are these? You say you sent to Colonel
10 North. What are these exhibits? What do they represent?

11 A Well, they represent communications dicussing
12 firstly the general condition of the operation. Colonel North
13 was looking for some help to fix some of the FDN aircraft that
14 were broken that they weren't able to fix them. He was looking
15 to see if there were some things we could do to fix the runway
16 down at the Plantation, because we had stuck an airplane in
17 the mud there because water was flowing under the runway
18 unbeknownst to us, and for the first time, he introduced the
19 fact we might get another aircraft, which we did definitely
20 need, because this is the first time it was brought up and
21 opened the door for us to now improve the operation.

22 Q That is Exhibit number --

23 A Three.

24 Q That is dated what date? Approximately the middle
25 of June?

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1 A Yes, the 16th of June.

2 Q That is referring to Exhibit number?

3 A Four.

4 Q Referring to number 4, that would be another KL-43

5 message, is that correct?

6 A Yes sir.

7 Q Transcription?

8 A Yes. I am sending the message to Colonel North

9 telling him we are ready to fly and the C-7 mission that we had

10 had arranged to get some munitions to the southern forces.

11 Q You had also informed him in that message that we

12 are looking for another aircraft?

13 A Yes.

14 Q Now, sir, what steps at this time did you take in

15 addition to the possible ~~purchase~~ of another aircraft, to

16 attempt to speed air deliveries to the forces, Contra forces?

17 Did you look to purchase a jet engine?

18 A Oh, we looked to get -- we had to replace a jet

19 engine on the 123. We had an accident that had destroyed the

20 one engine and we were looking to purchase a spare. Not only

21 a jet engine, but we were going to ~~purchase~~ spare engines for

22 both the C-123 and the C-7.

23 Q By the end of June, had any successful missions been

24 flown to the southern forces?

25 A The C-7 I believe flew one or two successful

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25

1 missions.

2 Q Did that C-7 require any special refueling?

3 A Yes.

4 Q Needs?

5 A Yes.

6 Q In order to carry any kind of load which eventually,

7 I believe was down as low as 4 or 5,000 pounds of munitions.

8 They could not carry enough fuel to fly [REDACTED] down to

9 the drop zone and return. Therefore, with the help of [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 Q Directing your attention to on or about the middle
14 of July, '86, did you have a meeting with Oliver North,
15 Richard Secord and Albert Hakim?

16 A Yes, sir.

17 Q And during this meeting did North discuss his
18 contacts on Capitol Hill?

19 A I don't recall a specific contact.

20 Q What was the general nature of the discussion?

21 A The general nature of the discussion was how we we:
22 going with the operation, what was being done for us to become
23 operational, where did we stand as far as how long we would be
24 in operation.

25 Q Let me ask this question: Was there, do you recall

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45

1 BY MR. BUCK:

2 Q Do you recognize Exhibit 9?

3 A Yes, I do.

4 Q Would you tell me what it is?

5 A On the thirteenth of August, we received the first

6 Q Is it a KL-43 message?

7 A Three KL-43 messages.

8 Q What are the dates of the three?

9 A They are all on the thirteenth of August. Two of

10 them on the thirteenth. There is no date on the last one.

11 Q Would you imagine that is around the same date?

12 A Yes sir.

13 Q Who was the third one from?

14 A Bob Earl.

15 Q Who is it sent to? Do you know who it was sent to?

16 A I believe it was to General Secord.

17 Q Did you read this at the time it was sent?

18 A Probably.

19 Q Do you recall discussing this with General Secord?

20 A I believe I did.

21 Q I am interested in the first part of the first

22 sentence. Let me read it to you. My reading is that it

23 results from your report last night that [REDACTED] had

24 been directed hands off by DCI. That would be a report from

25 General Secord to Bob Earl?

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26

1 a meeting between Oliver North and Felix Rodriguez?

2 A Yes.

3 Q What occurred during that meeting?

4 A Colonel North asked me to have Felix come to
5 Washington. Felix had become a rather serious problem for
6 security reasons. He was talking to a number of people about
7 the operation. Colonel North and General Secord were both
8 very disturbed by that, because it could have caused the
9 operation to become known.

10 Q I am sorry to interrupt. How did you know that he
11 was causing a problem, who had told you?

12 A Colonel North and General Secord. We thought if
13 Colonel North talked to him in the White House, in the office
14 rather, that it might impress him enough that he would no
15 longer be a security problem.

16 Q And did that conversation occur?

17 A Yes, it did.

18 Q Sir, after your first trip to -- let me just show
19 you at this time what I pre-marked Dutton Exhibit number 2 and
20 ask you to take a look at it.

21 A Yes, I recognize it.

22 Q How did you recognize it?

23 A This is a reorganization plan that I drew up,
24 starting in, I guess I began it right after I came back from
25 the first time, and we finished it in mid -- just before I

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1 went down the second -- for my second trip in June.

2 The first pages of it go back through the wiring
3 diagram, what we referred to as the reorganization plan that
4 outlined a new organization that was going to control, direct,
5 the operation, wherein General Secord and Colonel North would
6 ostensibly not be part of the operation any longer, and that
7 a new group, known as BC Washington, or Benefactor Company
8 Washington, would take over the responsibilities.

9 Q Was that in name only?

10 A That was in name only, and it was in fact General
11 Secord and Colonel North ^{remained} ~~remained~~ exactly where they had been
12 in the organization, but because of another lawsuit and with
13 the problems with Felix, General Secord had asked me to present
14 this new organization and inform Felix that North and Secord
15 were no longer in the operation, with the hope if he told the
16 people he had been talking to that in fact North and Secord
17 were out of it, that they could then continue operating without
18 being bothered by these outside forces.

19 Q Sir, what are the last couple of pages?

20 A Once we had the reorganization plan put together,
21 and as I said, in July our discussions started centering
22 around the fact it looked like the \$100 million was going to
23 be voted by Congress to support the Contras, the idea was once
24 that money was voted, what would happen with the organization
25 that we had set up.

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27

1 In order to make a presentation to the CIA, we
2 prepared a list of all the assets and the expenditures for the
3 operation which showed that we had a total value of somewhere
4 in the vicinity of \$4 million. It showed what our costs were,
5 what sort of inventory of munitions and other supplies we had,
6 a description of other assets, all the assets, the idea being
7 this is a package that Colonel North could take to the CIA
8 and hand to them and say this is the operation ^{that} ~~that~~ is in being
9 if when you get the \$100 million, this is the way you want, if
10 you want to take this organization over, here is what it is.
11 At least you know now what it is.

12 Q Did you show this document to General Secord once
13 you had prepared it?

14 A Yes.

15 Q And did he approve it?

16 A Yes.

17 Q Did you show the document to Colonel North once you
18 had prepared it?

19 A General Secord took it to Colonel North.

20 Q That is what General Secord had told you?

21 A Yes. In fact, they did some editorial work on some
22 of it. It was Colonel North's work.

23 Q How do you know that?

24 A General Secord said that he wanted -- I had never
25 heard of Project Democracy, and they had added that into the

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28

1 first general paragraph, so I didn't know where that came from
2 and he told me Colonel North put that in.

3 Q Just to ask you several questions about the document
4 the value on the assets, is that something that you determined

5 A No, General Secord had most of the knowledge on that

6 Q And in terms of the inventory at the warehouse
7 [redacted] as of 22 July, '86, who had conducted that?

8 A To the best of my knowledge, that was Mr. Cooper and
9 he was working with the local UNO representative, who kept
10 a complete inventory of all of the assets that went into the
11 warehouse at all times.

12 Q And the last page, page 14 of the document, the
13 various options that were presented to the CIA, who had
14 explained those options to you?

15 A General Secord.

16 Q And these options -- there were two options
17 presented, is that correct?

18 A Yes, that is correct.

19 Q The first being what?

20 A Sale of the entire operation to the CIA.

21 Q And the second option?

22 A For them to take over operational control and then
23 we would stay in place as a proprietary and continue to run the
24 operation for them.

25 Q And which was the preferred option?

UNCLASSIFIED

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29

1 A To sell it outright. We did not want to continue
2 in the operation if it wasn't absolutely necessary.

3 Q In that proposed sale, was the reason that the
4 assets were valued so you would have a figure?

5 A Yes, eventually. The major idea was though, to put
6 in perspective the value. It could have been given to them bu
7 here is at least a value of what is there before they said
8 forget it, we are not going to have anything to do with it,
9 they should at least know what was there.

10 Q Did Colonel North tell you that after this plan was
11 presented to him that he had discussed the sale of the assets
12 directly with Casey of the CIA?

13 A I don't ever recall a specific discussion where he
14 said he had discussed it with Mr. Casey.

15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19 Q But the plan was that Colonel North was to discuss
20 the sale of assets on behalf of the organization with the CIA?

21 A That is correct.

22 Q Sir, in addition to the assets, there was the
23 resupply assets, also the airstrip was among them, is that
24 correct?

25 A That is correct.

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1 Q And you endeavored to sell the value of the airstri
2 in addition to the other assets?

3 A You could say that it was to sell it. Again, it
4 was to put a value on it, to say this is part of the operation
5 this is part of what the organization is made up of, and it
6 has value and we estimated it to be this much.

7 Q Wasn't the purpose that the assets would be bought
8 and then run as a proprietary, perhaps as a CIA proprietary?

9 A However, CIA would want to do that.

10 Q Let me show what has been pre-marked as committee
11 exhibit number 5. Do you recognize that document?

12 A Yes, it is one of my KL-43 messages to Lieutenant
13 Colonel North.

14 Q And referring to about two-thirds of the way through
15 the message, it says "this matches what Dick said to you about
16 getting a firm plan from the CIA as to their program for air
17 support."

18 A Yes.

19 Q And earlier in the message it was to inform that
20 the ownership of the assets were to belong to a Panama based
21 company and upon collection of their support, they would be
22 returned to that company for future disposition?

23 A Yes.

24 Q Was there any discussion with North at this time as
25 to his seeking to get a firm plan so you could present that to

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1 the people in Central America?

2 A We are at the 20 August time frame right now. At
3 this time, there were a number of things we were looking for,
4 what all of the various options could be as to how we would
5 dispose of or move the assets once the CIA came in and took
6 over. There was a problem with [REDACTED]

7 Q Let me ask the problem with [REDACTED] had
8 he expressed the view that the assets belonged to the Contras?

9 A Yes, he and I think with Max's help, had --

10 Q Max being Felix Rodriguez?

11 A Yes sir, was convinced that the assets belong,
12 assets being the aircraft, the munitions and everything,
13 belonged to the Contras and therefore, if we were to leave,
14 the assets would stay and they belonged to the Contras.

15 General Secord's position was that they did not
16 belong to the Contras, they were in fact purchased by a privat
17 company, and that they belonged to that company, and they were
18 being used to support the Contras.

19 Q What was Colonel North's position in this regard?

20 A I believe that he agreed with General Secord.

21 Q Did he tell you so?

22 A He agreed with General Secord.

23 Q Let's take a break.

24 (A short recess was taken)

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1 BY MR. BALLENG:

2 Q During your management of the air resupply
3 operation, how frequent was your contact with Colonel North?

4 A Over the telephone, KL-43, almost daily, if not
5 everyday, but I rarely saw him. Maybe saw him eight or ten
6 times throughout the entire operation.

7 Q And your contact with General Secord?

8 A It was whenever he was in town, it would have been
9 daily.

10 Q Sir, let me show you this document which I didn't
11 mark. This is a KL-43 message. I will ask you to take a look
12 at it.

13 A Okay.

14 Q Do you recognize that message, sir?

15 A This is one that I received from General Secord.

16 Q And what is he describing to you? It is dated.
17 What is the date?

18 A It is dated the tenth of September. I have now
19 arrived down [REDACTED] I arrived there the evening of
20 the eighth. On the ninth.

21 Q Why did you go down there?

22 A Again, we were still not flying the missions,
23 accomplishing what we set out to accomplish. We were able to
24 fly aircraft a little more, but weather was a problem, making
25 contact with the Contras down in the operational areas was a

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1 continuing problem, and we were flying missions but nothing
2 was being delivered because we couldn't find the troops to
3 deliver them or they couldn't identify their own position
4 where we could get to them.

5 Q In fact, did you not fly a mission on the ninth of
6 September?

7 A I did, to find out first hand exactly what those
8 problems were.

9 Q Did you fly inside of Nicaragua?

10 A Yes, I did.

11 Q Let me, before you get to that other exhibit, show
12 you what has been pre-marked as Exhibit Number 6.

13 A Yes.

14 Q Do you recognize this document?

15 A Yes. This is a message sent after the mission on
16 the ninth of September to Lieutenant Colonel North.

17 Q In that message did you ask for any help he could
18 give in terms of weather and for locating troops?

19 A Yes, that is correct.

20 Q Did you call Colonel North late that night at home,
21 personally call him, not on the KL-43, that night?

22 A Yes, I did.

23 Q And at that time did you tell him that you had
24 flown personally to Nicaragua?

25 A I described -- I was describing the problems that

UNCLASSIFIED

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34

1 we encountered on the mission and from the way I was describin
2 it, he made a deduction and he said you flew on the mission,
3 didn't you? I say, yes, I did.

4 Q What did he say?

5 A He said, don't do it any more. He said you are
6 too valuable, you know too many of the people, too much about
7 the operation, and we can't have you exposed.

8 Q Now, sir, if you could refer to that, referring to
9 the other document which I had as Exhibit Number 7.

10 A Okay.

11 Q This is one that you were referring to earlier
12 dated September tenth?

13 A Yes.

14 Q I am sorry, to General Secord?

15 A No, to me from General Secord.

16 Q What does it say?

17 A It is General Secord's reaction to the mission that
18 I flew on the ninth. We spent an hour flying around inside
19 Nicaragua at very low altitude trying to fund the forces that
20 we were to drop to. After an hour, we had been completely
21 unable to find anybody, so we brought the load home, and
22 General Secord's reaction was that we had to ~~fund~~ ^{fund} some way of
23 being able any time we flew a mission to get the delivery on
24 the ground. That and in discussions about this later it was
25 costing us \$6 or \$7,000 everytime we flew a mission, they were

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1 very long and very difficult, and we had to make them pay off
2 by getting the goods delivered somehow.

3 Q There was a problem with funds. You couldn't spend
4 limitless --

5 A That is correct, and trying to keep the money in the
6 fuel fund to where we could continue to fly. We couldn't be
7 wasting it on missions we weren't delivering anything.

8 Q And General Secord in this message, refers to a
9 surge. What was the purpose behind the surge of the southern
10 force?

11 A If we could find a way that we could, in fact, get
12 deliveries made to the southern forces, General Secord had
13 okayed us keeping both C-123s and both C-7s down there to fly
14 as many missions as regularly as possible to deliver as much
15 of the material in the warehouse to both the north and south
16 forces.

17 Q What is meant in that message when it talks about
18 a force feed operation?

19 A This is a force feed op don't go again unless we
20 can drop without contact. What that means, we were going to
21 get the munitions down into their area at some place where we
22 could find them and we were going to be flying. In other words
23 here are the goods, they are now in your lap, get them and use
24 them.

25 Q Let me show you what has been pre-marked Exhibit

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1 Number 8, and ask you if you recognize that document?

2 A Yes. This is a message from me to Colonel North.

3 Q And in general does this message describe the
4 deliveries of munitions to the south?

5 A Yes, it does.

6 Q Were you sending regular almost daily reports to
7 Colonel North to inform him of the surge in the south?

8 A Yes, starting probably around the eleventh or
9 twelfth of September, we had found a way where we could locate
10 drop zones that were easily identifiable on the map to where
11  could inform the forces there is going to be a load on
12 the ground at these coordinates and this place on your map
13 so they could tell us how to get to them and find them.

14 We tried that, and it worked, and therefore, now
15 we had determined all right, we were going to be dropping
16 everyday if we could find, if we could have a primary drop
17 zone, we wanted to drop to an alternate in case that one was
18 under weather. We would take a load down there everyday, I
19 could give a report at the end of the day, and the troops
20 became very successful at this.

21 Q Sir, referring, it says in the message, "have
22 photo proof of load in center of drop zone, positive ID of
23 drop down photo proof."

24 Were these photographs that were taken of the drop
25 zone to avoid the flights --

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1 A Yes, they took --

2 Q And were these photographs subsequently put into a
3 photograph album?

4 A Yes, they were.

5 Q Why were they put into an album? Who did it?

6 A When I returned from [REDACTED] I believe that was
7 around the -- I had just before leaving, gone through a stack
8 of photographs that the troops had down there, which included
9 pictures from air drops that showed drop zones. We call it a
10 Parrots beak. It was easily identifiable, had the load on it.
11 What I wanted to do was with picture evidence, try to describe
12 for the people up here what the problems were and how we were
13 dealing with the operation in Nicaragua.

14 So I put together a photo album that included
15 pictures of the aircraft [REDACTED] which showed [REDACTED]
16 [REDACTED] showed some of the people we had working there, working
17 on the aircraft, and it had pictures on to show the kind of
18 weather that they were flying into and through.

19 It had pictures of the drop as the load came out
20 under the parachute and pictures of the load on the drop zone
21 so people would have positive evidence that the loads were
22 delivered on the ground.

23 Q It also had a picture of you in there with a HK-21
24 machine gun.

25 A We had HK-21 on a C-123. I was sitting in the back

UNCLASSIFIED

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1 of the C-123 with some of the other crew members.

2 MR. BALLEEN: Off the record.

3 (Discussion off the record.)

4 BY MR. BALLEEN:

5 Q You described one of the purposes of the surge
6 being to get supplies, badly needed supplies, to the southern
7 forces, is that correct?

8 A That is correct. In addition, since we had the
9 aircraft now working and we had a means to make the deliveries
10 in part since we had all the aircraft working now, we had
11 a means of making the drops, we were building up a case for
12 the fact that the operation was now in fact a successful
13 operating air resupply operation and that that would be looked
14 at by CIA as something that was now a viable operation for
15 them taking it over, purchasing it, or whatever reason, where
16 they came into the operation.

17 Q Was it your understanding at that time that North
18 had met with [REDACTED] and Casey of the CIA in order to effectuate
19 purchase of these assets?

20 A Yes, sir.

21 Q And that this was something that both General
22 Second and Colonel Oliver North had wanted to happen?

23 A Yes, sir.

24 Q Sir, what did you do with the photograph album once
25 you prepared it?

A I gave it to Colonel North when he visited our

UNCLASSIFIED

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1 offices in Vienna.

2 Q And what did he say when you gave it to him?

3 A He was very pleased with it and said that he was
4 going to take it to the top boss, which I assumed to be the
5 President.

6 Q Why did you assume that to be the President?

7 A I had never heard him use that term before about
8 anybody else, any of the other players. It was always some
9 very general association or term. I never heard him say the
10 top boss. That was just my impression.

11 Q Did he ever mention to you at any other time the
12 President of the United States?

13 A On one occasion after we got -- when I had returned
14 and we had the operation working, he mentioned that while I
15 would never get any medal for what we had done, that one day
16 the President would shake my hand.

17 Q Now, about this time when the drops were successfully
18 being made to the southern forces, how many drops were being
19 made? Do you know the number of pounds, how many drops, and
20 what kind of poundage of munitions were dropped to the southern
21 forces?

22 A We were making a drop almost every day and I would
23 say we had probably accomplished between 15 and 20 drops, and
24 had put somewhere in the neighborhood of 180,000 pounds of
25 munitions and supplies on the ground.

UNCLASSIFIED

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40

1 Q Sir, did at that time, Colonel North ask you to
2 arrange a trip for him down to Central America to take a look
3 at the operation?

4 A Yes.

5 Q What exactly did he say he wanted to do?

6 A He asked that I call down to Southern Air Transport
7 and get the Jet Star set up. We would make a flight to
8 [REDACTED], spend the night, and fly to [REDACTED]
9 visit the people there, the troops, so he could talk to them.
10 He was very proud of them at that point and thought it would
11 be a short trip.

12 Q Proud of them for what they had done during the
13 month of September?

14 A Yes. We didn't want to put him -- he never made the
15 trip. The trip was never made because I believe it was because
16 of all the business on the Iran part of the operation that his
17 schedule was such we were never able to accomplish the trip.

18 Q During the month of September were there FDN or
19 Contra representatives aboard the planes?

20 A Yes. We would carry, we call them Spanish speaking
21 radio man with a little portable radio that the plan was when
22 we get in the area of the drop zone, we had a pre-set frequency
23 that [REDACTED] would pass to the ground forces and we would be on it
24 and then the troops on our airplane, the Nicaraguans could
25 talk to him and if we weren't directly over their drop zone

UNCLASSIFIED

00536

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1 or he wanted us to come to him so they could get directions.

2 We tried that over and over and we never made, to
3 my knowledge, we never made contact. Maybe once or twice, but
4 it never saved a mission for us.

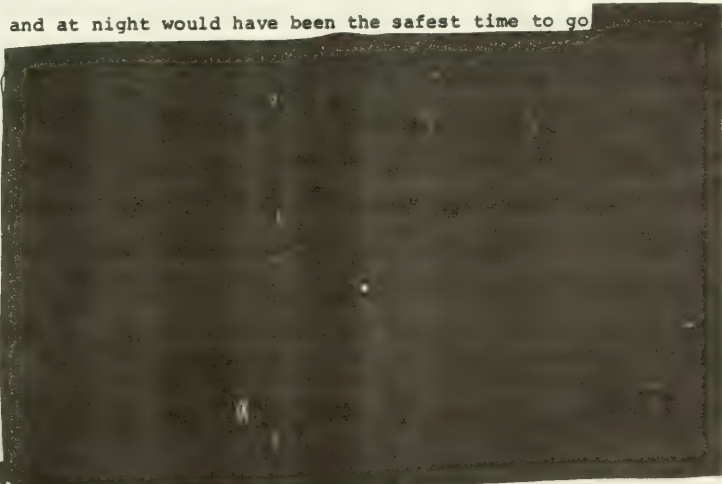
5 Q Did any of these individuals carry personal weapons
6 of any kind, to your knowledge?

7 A The FDN representative would carry an AK-47.

8 The others did not have personal weapons down there
9 and I do not recall whether they were carrying a weapon or not

10 Q Let me just ask this question. Was it more
11 advantageous from your point of view, to make these missions
12 during ^{daylight} ~~daylight~~, nighttime, dusk -- what time of day was
13 optimal?

14 A At this time of the year it was the rainy season,
15 and at night would have been the safest time to go



UNCLASSIFIED

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42

1 [REDACTED]
2 [REDACTED]
3 Q On or about October fifth, what occurred with
4 reference to one of your flights?

5 A Bill Cooper, our manager and Buzz Sawyer, Gene
6 Hasenfus, and an FDN radio man flew a mission daytime. They
7 flew down the Pacific Coast side, entered [REDACTED]
8 They were going to a new drop zone that was a little farther
9 to the west than we had dropped before, and for some reason,
10 Mr. Cooper decided to cut the corner off and enter Nicaragua
11 from farther to the west than we had before.

12 In doing so, he evidently flew over an area where
13 Sandinista forces were. The aircraft was hit with what we
14 believe was an SA-7 missile and was shot down. Gene Hasenfus
15 wore a sport parachute that I understand now that his brother
16 had given him, but he had that on, he was able to get out of
17 the aircraft and was subsequently captured I believe a day
18 later.

19 Q Did the other men have parachutes on or not?

20 A No, they did not.

21 Q And did you inform General Second and Colonel North
22 when you learned of this?

23 A As soon as I got the word, yes, I did.

24 Q And did Colonel North attempt to get a search
25 operation underway?

UNCLASSIFIED

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43

1 A Yes.

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED] It could

6 have ditched in the water, any number of things could have
7 happened. We wanted to get aircraft out looking for it.

8 Within a few hours though, the word -- I got a call
9 that Cuban radio was carrying a report that the Sandinistas
10 had shot down -- I think the first report was a C-47 -- in
11 southwestern Nicaragua and since we knew that is where Mr.
12 Cooper was flying, we assumed that that probably was what had
13 happened. That was ^{what} ~~that~~ had happened. That was verified shortly
14 thereafter.

15 Q And sir, was there a discussion between yourself,
16 General Secord and Colonel North as to the payment of death
17 benefits to Cooper and Buzz Sawyer?

18 A Yes. Mr. Secord determined on his own, while there
19 was no contractual requirement and nothing had ever been talked
20 about as far as death gratuity or benefit, that he just felt
21 the right thing to do would be to pay the survivors -- Buzz
22 Sawyer's wife and Cooper's three daughters a death benefit of
23 \$60,000 each, and I was told by General ^{Secord} ~~Secord~~ that he had
24 requested the wire transfer be made. It was not made immediately
25 and by the time the accounts were frozen, so to date, that had

UNCLASSIFIED

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44

1 not been done.

2 Q Was there any contemplation of any death benefits
3 for the FDN representative on board that flight?

4 A I don't know.

5 Q I have no further questions.

6 BY MR. BARBADORO:

7 Q Just a couple of things. Could I go through this
8 month by month?

9 In May of is it '86, how many successful drops by
10 aircraft were made to the southern front troops in May of '86?
11 Your answer was?

12 A None.

13 Q How about in June of '86?

14 A It depended on when the C07 mission went. Either
15 June or July there were two. Then after that there were none
16 until September.

17 Q And how many successful drops were there in
18 September?

19 A I can't give you the exact number. My estimate
20 would be 15.

21 Q That is all.

22 BY MR. BUCK:

23 Q Would you please look at this?

24 MR. BALLEEN: It is Exhibit 9.

UNCLASSIFIED

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45

1 BY MR. BUCK:

2 Q Do you recognize Exhibit 9?

3 A Yes, I do.

4 Q Would you tell me what it is?

5 A On the thirteenth of August, we received the first

6 Q Is it a KL-43 message?

7 A Three KL-43 messages.

8 Q What are the dates of the three?

9 A They are all on the thirteenth of August. Two of
10 them on the thirteenth. There is no date on the last one.

11 Q Would you imagine that is around the same date?

12 A Yes sir.

13 Q Who was the third one from?

14 A Bob Earl.

15 Q Who is it sent to? Do you know who it was sent to?

16 A I believe it was to General Secord.

17 Q Did you read this at the time it was sent?

18 A Probably.

19 Q Do you recall discussing this with General Secord?

20 A I believe I did.

21 Q I am interested in the first part of the first

22 sentence. Let me read it to you. My reading is that it

23 results from your report last night that [REDACTED] had

24 been directed hands off by DCI. That would be a report from

25 General Secord to Bob Earl?

UNCLASSIFIED

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1 A I don't know.

2 Q Do you know what DCI refers to?

3 A Yes, Director of Central Intelligence.

4 Q At this point in time who would that be?

5 A William Casey.

6 Q Can you tell me who ^W is?

7 A

8 Q

9 A

10 Q What does it mean that they had been directed hand-

11 off by Mr. Casey?

12 A Well, ^W had been assisting us with the support
13 for the southern front, locating troops, passing communication
14 back and forth. So I am sure what they were referring to is
15 that he had been told not to deal with the operation, with our
16 people any more, don't talk to them.

17
18
19

20 Q So, is it your understanding that this is an attempt
21 by the Director of Central Intelligence, Mr. Casey, to separate
22 himself a little bit more from your activities?

23 A Yes.

24 Q Was that consistent with what you understood the

25 CIA's role to be?

UNCLASSIFIED

UNCLASSIFIED

47

1 Q The CIA's role vacillated. They were --
2 A Let's determine who in the CIA's role vacillated.
3 A We would get word that, well -- we would understand
4 that the CIA could pass weather and intelligence information
5 to us.
6 Q You say we?
7 A The people [REDACTED] General Secord, and myself.
8 Q You got word from General Secord, is that correct,
9 that the intelligence officials --
10 A That was always true from the beginning, that was
11 part of the law said they could still provide intelligence data
12 to the FDN, which would include weather.
13 Q Whose understanding of the law was this?
14 A General Secord. And mine once he told me about it.
15 There were times that we -- I would hear from
16 Raphael Quintero that he had talked to [REDACTED] and the CIA, whoever
17 was talking to [REDACTED] from the CIA had said they needed to back
18 away from the operation and not be involved.
19 Q Let me interrupt you right there. This is not an
20 isolated incident?
21 A No.
22 Q Of the CIA instructing its official in Central
23 America to back away from the private supply operation, is th
24 correct?
25 A That is correct.

UNCLASSIFIED

UNCLASSIFIED

48

1 Q Continue.

2 A Now, that didn't mean that they did.

3 Q But it was your understanding that the CIA from
4 Headquarters was directing the officials in Central America
5 to back away. Whether the official in Central America obeyed
6 or not was another question. Is that a clear understanding
7 or not?

8 MR. DOWD: State what your understanding is.

9 THE WITNESS: My understanding is that there were
10 times when they would emphasize staying at arm's length. The
11 were other times that they did not emphasize it.

12 MR. DOWD: By "they" you mean?

13 THE WITNESS: Headquarters, Headquarters that you
14 referred to.

15 MR. BALLEW: What is your basis of this knowledge?
16 Is that something General Secord told you, or Oliver North,
17 or who, or Casey? How did you get that information?

18 THE WITNESS: I would get that information from
19 talking to the people that were [REDACTED] as to what
20 sort of cooperation were they getting from [REDACTED]
21 [REDACTED]

22 Raphael would pass to me that [REDACTED] was being told to
23 back away or nobody was bothering him, that they knew that --
24 when they set up the flight that went into [REDACTED]

25 [REDACTED] since the Ambassador, the [REDACTED] team they have got the

UNCLASSIFIED

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49

1 head of the military group and [REDACTED] it
2 would have been very difficult I think for that to have
3 transpired and headquarters CIA not know about it at all.

4 BY MR. BUCK:

5 Q Okay, what I am trying to get from you is an idea
6 when -- you mentioned Ambassador, did you feel that the State
7 Department was supporting your activities?

8 A I don't have any way of knowing whether they were
9 actively supporting it.

10 Q Were these individuals acting outside of the scope
11 of their authority from headquarters in the CIA and State
12 Department or did you feel that they were being told by CIA
13 Headquarters and State Department to assist you in your
14 operation?

15 A I don't know.

16 Q Okay.

17 MR. DOWD: Did General Secord have a meeting with
18 Director Casey?

19 THE WITNESS: He told me he did.

20 MR. DOWD: Did he report to you the substance of
21 those meetings?

22 THE WITNESS: No, not in detail.

23 MR. DOWD: Generally?

24 THE WITNESS: Generally it was the conduct of the
25 operation to support the Contra and discussion of the Iran

UNCLASSIFIED

UNCLASSIFIED

50

1 operation.

2 MR. BALLEEN: I just have one question on the
3 Exhibit 9.

4 BY MR. BALLEEN:

5 Q The first part of it is a message from Bob Earl^e,
6 correct?

7 A Yes.

8 Q Asking you to pull out the forces?

9 A Yes.

10 Q What did that result from, to your knowledge?

11 A I don't know what specifically brought that about,
12 whether it was, I don't know what caused it. It came as a
13 surprise.

14 Q What happened when it came as a result of that?

15 A When the message came?

16 Q Yes.

17 A I immediately contacted General Secord, who then
18 sent the next message back to them, back to Bob Earl^e, and
19 really, to Colonel North's office.

20 Q Did you ever have any discussion with Colonel North
21 did you ever get any direction from Colonel North to pull out
22 like that as opposed to Bob Earl^e?

23 A Bob Earl^e to my knowledge, would not have had the
24 authority to tell us to bring the people out. When I got this
25 to me, this was word from Colonel North.

UNCLASSIFIED

UNCLASSIFIED

51

1 Q Did you have a discussion with Colonel North about
2 this particular message on the pull-out and why it had been
3 issued, whether he wanted you to do it?

4 A I am trying to remember. I can't recall. We did
5 discuss later whether I discussed it directly with Colonel
6 North or not, I don't believe I did. I believe General Secord
7 discussed it with Colonel North, and came back to me and said
8 we are not going to pull the people out and we are not going
9 to give in to the threats that have been made by Felix to
10 go public, [REDACTED]
11 [REDACTED]

12 Q This was after General Secord had an opportunity to
13 speak to Colonel North about it?

14 A As I can best recall, yes.

15 MR. BALLEEN: Thank you.

16 BY MR. BUCK.

17 Q You mentioned before on your first trip to [REDACTED]
18 [REDACTED] that you met the British air crew?

19 A Yes.

20 Q Is that correct?

21 A Yes.

22 Q And it was your understanding that the Brits were
23 to go into Nicaragua?

24 A Missions that were flown into Nicaragua itself would
25 be flown by the Brits. That is why they were hired.

UNCLASSIFIED

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52

1 Q How did you develop this understanding?

2 A General Secord told me.

3 Q And do you know how he was aware of that?

4 A No, I don't know how he was aware of it.

5 Q Okay.

6 BY MR. BALLENG:

7 Q Didn't you earlier testify on that point you also
8 had discussions with North either through Secord or --

9 A Yes, that was the theory was they were to be hired
10 to fly in-country missions. That was both Secord and North.

11 BY MR. BUCK:

12 Q You remember discussions with Colonel North on tha

13 A Since I talked to him about the Brits, I am sure
14 we discussed what they were there for, and the fact that they
15 weren't going to be able to fly missions into Nicaragua. So,
16 yes, I can say yes, I discussed that with Colonel North.

17 Q What were your general impressions of Felix Rodrig

18 A My initial impression was that he was influential

19 [REDACTED] and with some very high -- the Vice
20 President -- since it didn't take him long to tell me about t

21 Q You gained that impression from him, not the Vice
22 President?

23 A Right. As it turned out, he became a major proble
24 in the conduct of the operation. He interfered with the
25 operation, the operational side of it. He wanted as much

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53

1 control of the money as he could. He wanted a \$10,000
2 emergency fund that he himself could use. He wanted control
3 over our fuel fund. He wanted to be the big man in charge.
4 He did not want to work for somebody else.

5 He also had asked for Xerox machines and
6 refrigerators and all sorts of things that he was keeping down
7 there in his room [REDACTED]

8 Q What did you consider were his motives for doing
9 this?

10 A Money.

11 Q That is brief.

12 A I will repeat, your best information can be gotten
13 from Raphael Quintero, as to his motives and why he did most
14 anything. Raphael knows him very well.

15 Q Who would he receive money from?

16 A Raphael said that [REDACTED] had been paying Felix
17 \$3,000 a month for the last couple of months, which was in
18 violation of his retirement, which was supposed to be a full
19 disability retirement, with CIA.

20 Q Why was he receiving this money?

21 A Obviously, I don't know why he should have but he
22 evidently he talked to Ramon and said he needed that money
23 for expenses or for living, or whatever, and [REDACTED] should pay
24 it to him.

25 Q Mr. Dutton, could you look at Exhibit 2 again. Co

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54

1 you tell me what the purpose again of Exhibit 2 was?

2 A Two purposes. It was set originally -- well, there
3 was three, it was set up one, as a reorganization plan,
4 actually an organizational plan, because we didn't have an
5 organization that you could put a wiring diagram and say who
6 is here, this is in charge. It was an attempt to identify who
7 had specific responsibilities for operations, for maintenance,
8 and for support, to let all the people know who they worked
9 for and then who they should take instructions from.

10 The very first paragraph, as I mentioned before, was
11 to identify a theoretical company -- B.C. Washington, that was
12 now taking over the operation so we could pass information
13 to Felix that in fact North and Secord were no longer in the
14 operation.

15 The third purpose was when we added the last portic
16 of it, which was all of the inventories and pricing out, which
17 gave us now a package that Colonel North could use to take to
18 the CIA and say there is the operation, that is already in
19 being, and here is how it is organized, here is what it is
20 worth, so you can put that in your decision as to how you
21 intend to take over or how you intend to go into operations
22 in Central America when you get the \$100 million.

23 MR. BARBADORO: Off the record.

24 (Discussion off the record)

25

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1 MR. BUCK: Back on the record.

2 BY MR. BUCK:

3 Q You mentioned that this document was to be presented
4 to the CIA to help them decide how to take over the operation
5 or whether to take over the operation. Is that right?

6 A It was given to Colonel North to use however he saw
7 fit, but --

8 Q Okay.

9 A If you wanted to use it as a talking paper, wanted
10 to use it as a document to leave with the CIA so they could
11 know what was there. I don't know exactly how he handled it
12 but that is what it was prepared for.

13 Q I am trying to determine whether it was the
14 intention of your company to sell these assets to the CIA or
15 not?

16 A If the CIA wanted to purchase them, then the idea
17 was to sell them. It was also discussed that it could be given
18 to the CIA.

19 Q So you are unclear about that?

20 A That is correct. That was General Secord's decisio

21 Q And you had never heard what General Secord's
22 decision was on that matter or did you ever hear what General
23 Secord's decision was on that matter?

24 A No. I think he was waiting to hear what the CIA
25 wanted to do and that he was basically willing to do whatever

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56

1 they wanted to do, but rightfully it was his feelings that th
2 assets belonged to a private company and they should be
3 reimbursed for them.

4 Q Did he ever talk about a profit that he would make
5 from the CIA?

6 A No.

7 Q You said that was General Secord's decision. Did
8 ever communicate any feed back from the discussions with the
9 CIA whether this would be a sale, a gift, reimbursement?

10 A No. 

11 

12

13 A At this point in time, what is the time frame now
14 on this?

15 A Which part? At this time?

16 Q Right.

17 A We are talking September, mid to end of September,
18 right up until the fifth of October. Everything changed at
19 that point.

20 Q During this time, what was Mr. Gadd's role in your
21 organization?

22 A He had no role in the operational side of it. He
23 was still, he would provide the Ace and East invoices for
24 services that they had delivered.

25 Q Did he have daily, weekly, what kind of discussion

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1 did he have with Mr. Secord?

2 A He had none that I can recall with Mr. Secord, and
3 at this period of time, let's see, I talked with him when we
4 were setting up the radio network, I would say once a week.

5 Q When did Mr. Gadd's role become markedly decreased?

6 A Probably in June. I was still very dependent on
7 him for background and how the operation was set up and how
8 would we purchase the aircraft, who would inspect them, because
9 we had serious problems with them.

10 Q What was Mr. Secord's contact with them?

11 A To my knowledge, Mr. Secord didn't talk to him at
12 all. He didn't want to.

13 Q After June?

14 A Yes.

15 Q What would be your feeling about Mr. Gadd's role
16 in any decision making capacity after June?

17 A Zero.

18 Q Again, I want to try to recharacterize some of your
19 statements. If I am not fair make sure you correct me.

20 You mentioned before that the FDN had someone aboard
21 the flights. What point of time, was that a change in policy
22 at some point in time?

23 A Not really. We, in June we tried to fly a mission
24 with C-123s to the south. We took a Spanish speaker because
25 we had to have somebody who could talk to the ground forces.

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58

1 At that time, we happened to take [REDACTED] with us. We determine
2 taking [REDACTED] on every mission was probably not a good idea
3 now that he was [REDACTED]. The FDN offered to have one
4 of their people fly along with us so that they could in fact
5 talk to people on the ground. And since hardly any missions
6 were flown, they did not have one on board for the two C-7
7 missions.

8 So once we started flying again with the 123s, they
9 were on board regularly.

10 Q What time period did you start flying again?

11 A September.

12 Q You gave the photo album to Mr. North. He said he
13 would take it to his top boss?

14 A Yes, sir.

15 Q Was there a reason he couldn't have said I am going
16 to take this to the President? I am wondering. The word
17 top boss seemed odd to me.

18 A All I can tell you is what he said. All I can
19 tell you is the words he used.

20 Q I have no more questions.

21 BY MR. BALLENGER:

22 Q I have one question. When you drew up this
23 document in July and presented the options on these, the options
24 were furnished to you by General Secord?

25 A Yes.

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MR. BALLEEN: No further questions.

(Whereupon, at 4:20 p.m., the deposition was adjourned.)

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18 Jun 86

SECRETErc +
2.

Ecb: 6/18/86 1720

182115Z Jun 86. C-7 set to fly mission across fence tonight. Max will monitor flight on 4060 MHZ from his room. If he can get details (i.e., MSN time and drop coords via secure means), he will pass to me on machine. Max hopes to have info on medicine from [REDACTED] later today. He thinks they might donate. I have more details if you need. [REDACTED] people starting sheemetal work on C-123 today. I have bill working jet eng plus looking for another toad. Ecb. BT

Original/Declassified/Released on 11 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Sent of a cable to Wash
Need flight ASAP

5246

[REDACTED] is not avail

Situation is desperate

Ralph Re lawsuit

Working up DZ and hostile presence



has data on Mountain Leprosy
Leishmaniasis

SECRET**UNCLASSIFIED**

Treatment: Glucant

- Amps of see

- 1500 ~~mg~~ doses
- IM injection

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18 Jun 86

~~SECRET~~

Bcb: 6 18 86 1720

161115Z Jun 86. C-7 set to fly mission across fence tonight. Max will monitor flight on 4060 MHz from his room. If he can get details (i.e., MSN time and drop coords via secure means), he will pass to me on machine. Max hopes to have info on medicine from [REDACTED] later today. He thinks they might donate. I have more details if you need. [REDACTED] people starting sheenetal work on C-123 today. I have bill working, et eng plus looking for another toad. Bcb. BT

Partially Declassified/Released on 11 Feb 88
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Situation is desperate

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Working up DT and hostile presence

[REDACTED]

has data on Mountain Leprosy
Leishmaniasis

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Treatment: Glucan

- Amador of Sec
- 1500 ~~over~~ doses
- IM injection

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8/13/86
13 AUG 86

R D 4671

~~SECRET~~
191300Z AUG. 1. CONDUCT EMERGENCY
RECALL IMMEDIATELY. BRING THE
MAINTENANCE AND AIRCREWS OUT OF THERE
QUIETLY, BUT QUICKLY. LEAVE ALL THE
EQUIPMENT, INCLUDING AIRPLANES. BRING
BACK ONLY PERSONAL EQUIP. 2. DESTROY
REGISTRATION PLATES ON A/C IF POSSIBLE.
BUT DON'T DAMAGE THE A/C. 3. ALL [REDACTED]
[REDACTED] BOB, BACON, AND OLMSTEAD SHOULD
MEET TOGETHER. THE AIRFIELD REVERTS TO
BACON'S CONTROL. 4. STEELE IS
RECONSIDERING MEETING W/ YOU AND MAY
CALL YOU. 5. IF HE HELPS PERHAPS THIS
THING CAN BE PATCHED BACK TOGETHER FOR
THE TRANSITION. BUT FOR THE MOMENT THE
PEOPLE MUST BE GOTTEN OUT OF THERE. BT

~~SECRET~~

131345Z AUG 86 1. THERE IS MORE THAN 1
MILLION DOLLARS WORTH OF EQUIPMENT, SPARES,
[REDACTED] LOCATED AT [REDACTED] I PRESUME YOUR MSG
RESULTS FROM TELECON WITH OLLIE. IF SO
I MUST REMIND YOU THAT THESE ASSETS ARE
OWNED BY UGALL RESEARCH CORP AND THERE
IS NO INTENTION OF ABANDONING THEM. 2. I
INSIST ON IMMEDIATE MEETING BETWEEN BOB
AND STEELE OR I WILL SEEK OUT THE
AMBASSADOR AND RESOLVE THE ISSUE. DICK

~~SECRET~~

191300Z AUG 86

1. MY READING IS IT RESULTS FROM YOUR
REPORT LAST NIGHT THAT [REDACTED] AND [REDACTED] HAD
BEEN DIRECTED HANDS OFF BY DCI. COMBINED
WITH MY REPORT THAT JIM DIDN'T WANT TO
MEET WITH YOU, SUPPOSEDLY AT DIRECTION
OF THE AMBASSADOR. 2. THE THREAT OF A
LAW SUIT AGAINST [REDACTED] FOR AIR PIRACY
HAS APPARENTLY REALLY POISONED THE
ATMOSPHERE FOR US AND FOR THE
AMBASSADOR ABOUT THE GOOD INTENTIONS OF
THE COMPANY. BT.

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1807
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under provision of E.O. 12356
By E. B. [REDACTED] [REDACTED] Security Council

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6/16/86

16 Jun 86

1435 HRS. Local [REDACTED] 06-16-86

1. Lopez/FDN received MSJ. from the farm. They are very happy awaiting Caribu. Can we send them tomorrow?
2. Drops will take place at [REDACTED] and [REDACTED]
3. We have run out of funds. Pls send ASAP, Ramon again using money of his own. Also construction not started for same reason.
4. I will leave tomorrow morning for [REDACTED] with [REDACTED] but will be back late afternoon same day.

FIN

162 3012 Jun 86 [REDACTED] via Max. I understand FDN wants to start flying men into [REDACTED] and [REDACTED] starting tomorrow. I have no problem with that if you don't. C-7 should be ready. Tanks remain as before. They must provide necessary EET on DZ and LZs, we are not dropping any people. The A/C needs fuel for us. We need Max to fly from our base. Suggest transfer fuel burners to C-7 for this week. They do you any good on last mission? Call on the machine. If you have any questions. Ed BT.

Ed to Max 170030 Jun 86. Need to determine capability to fly support mission. Same troops as Sat into with C-7 using West as refueling stop. Work men tomorrow with. Advise how much load can be carried. Steele says situation desperate. Ed is coordinating with [REDACTED] people. This week will take priority over world. One mission we got at least one drop into them. That problem Sat mission was that ground troops had misidentified their position. Work the details and advise ASAP Ed

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 3. Advise location of OZ if changed & flight pattern used to mark OZ & mission or info provided on that. Besides CH-2 and CH-4 advise who troops to monitor 4075 MHz for both comms. We suggest C-7 call as [redacted]. Who troops call [redacted] Advise direction was heard. C-123 N or S. ? TOT 0345 L 8 Pls answer tonight but no later than 0800 L bc time tomorrow.

Bob to Mark then Ralph. Good advice [redacted] unable to determine exact location of troops. Therefore, tomorrow fly in support of Southern oper forces. We will fly the Southern Area when we get the No 1 C-7 operating on use No 2 later in the week. But

Note from Good: Can Bill help us fix DC-4 on 6? Can we get PSP on something & plantation so can use R/W? What is being done to fix R/W now? Do we need to buy another AC to cover Southern op? What kind? From Me.. Need 5 more units at [redacted] Need to get 2 more long range comms. MIA

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Exhibit 5 ^{20 Aug 86}

to Hoode

0014300Z AUG 86, FRM MAC, REF YOUR
DISCUSSION WI DICK LAST NITE. IN MY TALK
WITH STEELE LAST WEEK, I REQUESTED THAT
HE MAKE THE SITUATION CLEAR TO [REDACTED]
AS TO THE OWNERSHIP OF THE AIR ASSETS
AND ASSOCIATED EQUIP. HE WAS TO INFORM
HIM THAT WHILE THE ASSETS WERE MADE
AVAILABLE TO THE CAUSE, THEY BELONGED TO
A PANAMA BASED COMPANY AND THAT UPON
COMPLETION OF THEIR SUPPORT WORK HERE
THEY WERE TO BE RETURNED TO THAT COMPANY
FOR FUTURE DISPOSITION. STEELE FELT
THAT HE WOULD HAVE TROUBLE GETTING
[REDACTED] TO ACCEPT THIS UNTIL HE COULD
SEE WHAT TYPE OF SUPPORT WAS COMING IN
TO REPLACE US. THIS MATCHES WHAT DICK
SAID TO YOU ABOUT GETTING A FIRM PLAN
FROM THE CIA AS TO THEIR PROGRAM FOR AIR
SUPPORT. THIS WE MUST GET ASAP AND PASS
TO STEELE TO PAVE THE WAY FOR OUR
DEPARTURE. IF WE DONT GET IT, OUR
WITHDRAWAL COULD BE A MESSY AFFAIR.
SUGGEST YOU TALK TO STEELE AND CONFIRM
THAT WE ARE GOING AFTER THE CIA PLAN AND
WILL ADVISE HIM ASAP. BOB BT.

5251

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by K. Johnson, National Security Council

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9 Sep 86
Exhibit 6

090330ZSEP86 1. ARRIVED AT COORDINATES
EARLY 1700. WITH ALL MAGIC ON A/C
WORKING. 2. BEGAN EXPANDING CIRCULAR
SEARCH PATTERN IN AREA FOR APPROX 30
MIN. NO SIGHTINGS OR RADIO CONTACT.
SEARCHED FROM A/C WITH BINOCULARS BUT
NOTHING. ATTEMPTED TO GO TO ALTERNATE
DZ. BUT SEVERE WX.
PREVENTED US. RETURNED TO PRIMARY DZ
AND CONTINUED TO SEARCH UNTIL 1800L. WX
WAS GETTING WORSE BY THE MINUTE AND
ABSOLUTELY NO INDICATION OF ANYBODY ON
THE GROUND. THEREFORE RET. WITH
LOAD. 3. WE HAVE BOTH A/C READY AND ARE
WILLING TO BRING BOTH OF THEM DOWN
TOMORROW IF WX PERMITS AND WE CAN GET A
BETTER IDEA OF WHERE TROOPS ARE. WILL
WORK WITH [REDACTED] TO GET WX REPORTS. ANY
HELP FROM YOU WOULD BE APPRECIATED BOTH
FOR WX AND FOR LOCATING TROOPS. WE GOT
SOME MEDICINE FROM FARM TODAY AND WILL
BRING IT IF DESIRED. 3. UNDERSTAND
SANDANISTAS SHOT DOWN ONE OF THEIR OWN
A/C YESTERDAY. C-47. IT HAPPENED UP IN
AREA WHERE OUR C-75 HAVE BEEN WORKING.
4. SORRY FOR NO GOODS TONIGHT BUT WOULD
HAVE BEEN COMPLETE WASTE TO THROW IT OUT
WITH ABSOLUTELY NO CONTACT. PLS ADVISE
HOW YOU WANT TO GO FROM HERE. BOB BT.

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5248

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00412

4 MAY 87

Robert C. Dutton

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1. ARRIVED AT COORDINATES
EARLY 1717L WITH ALL MAGIC ON A/C
WORKING. BEGAN EXPANDING CIRCULAR
SEARCH PATTERN IN AREA FOR APPROX 35
MIN. NO SIGHTINGS OR RADIO CONTACT.
DESCENDED FROM A/C WITH BINOCULARS BUT
NOTHING. ATTEMPTED TO GO TO ALTERNATE
LOC. BUT SEVERE WM.
PREVENTED US. RETURNED TO PRIMARY DZ
AND CONTINUED TO SEARCH UNTIL 1800L WM
WAS GETTING WORSE BY THE MINUTE AND
ABSOLUTELY NO INDICATION OF ANYBODY ON
THE GROUND. THEREFORE RET. WITH
LOAD. WE HAVE BOTH A/C READY AND ARE
WILLING TO BRING BOTH OF THEM DOWN
TOMORROW IF WM PERMITS AND WE CAN GET A
BETTER IDEA OF WHERE TROOPS ARE. NEED
TO KNOW IF THEY HEARD US. IF THEY DID
NOT, THEY ARE SOMEWHERE OTHER THAN
11.11N/84.11W. WHAT WAS WM IN TROOPS AREA
AT 1717L WILL WORK WITH [REDACTED] TO GET
4. REPORTS. ANY HELP FROM YOU WOULD BE
APPRECIATED BOTH FOR WM AND FOR LOCATING
TROOPS. WE GOT SOME MEDICINE FROM FARM
TODAY AND WILL BRING IT IF DESIRED.
I UNDERSTAND SANIANISTAS SHOT DOWN ONE
OF THEIR OWN A/C YESTERDAY. C-47. IT
HAPPENED UP IN AREA WHERE OUR C-75 HAVE
BEEN WORKING. 4. SORRY FOR NO GOOD
TODAY BUT WOULD HAVE BEEN COMPLETE
WASTE TO THROW IT OUT WITH ABSOLUTELY NO
CONTACT. PLS ADVISE HOW YOU WANT TO GO
FROM HERE. BOB BT.

Partially Declassified Pursuant to 11 FEB 88
under provisions of E.O. 11652

by K [REDACTED] [REDACTED] [REDACTED]

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4 May 81

Robert C. Dorton

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9 Sep 86

090330ZSEP86 1. ARRIVED AT COORDINATES
EARLY 1700 WITH ALL MAGIC ON A/C
WORKING. ~~MAN~~ EXPANDING CIRCULAR
SEARCH ~~IN~~ IN AREA FOR APPROX 30
MIN. NO ~~SHOTS~~ SHOTS OR RADIO CONTACT.
SEARCHED FROM A/C WITH BINOCULARS BUT
NOTHING. ATTEMPTED TO GO TO ALTERNATE
DZ. ~~NO~~ BUT SEVERE WX.
PREVENTED US. RETURNED TO PRIMARY DZ
AND CONTINUED TO SEARCH UNTIL 1800L. WX
WAS GETTING WORSE BY THE MINUTE AND
ABSOLUTELY NO INDICATION OF ANYBODY ON
THE GROUND. THEREFORE RET ~~WITH~~ WITH
LOAD. 2. WE HAVE BOTH A/C READY AND ARE
WILLING TO BRING BOTH OF THEM DOWN
TOMORROW IF WX PERMITS AND WE CAN GET A
BETTER IDEA OF WHERE TROOPS ARE. WILL
WORK WITH ~~TO~~ TO GET WX REPORTS. ANY
HELP FROM YOU WOULD BE APPRECIATED BOTH
FOR WX AND FOR LOCATING TROOPS. WE GOT
SOME MEDICINE FROM FARM TODAY AND WILL
BRING IT IF DESIRED. 3. UNDERSTAND
SANDANISTAS SHOT DOWN ONE OF THEIR OWN
A/C YESTERDAY. C-47. IT HAPPENED UP IN
AREA WHERE OUR C-75S HAVE BEEN WORKING.
4. SORRY FOR NO GOODS TONIGHT BUT WOULD
HAVE BEEN COMPLETE WASTE TO THROW IT OUT
WITH ABSOLUTELY NO CONTACT. PLS ADVISE
HOW YOU WANT TO GO FROM HERE. BOB BT.

Report
to North
+ request
for help

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under provisions of E.O. 12356
by K Johnson, National Security Council

5249

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00412

4 MAY 87
Robert C. Dutton

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090300ZSEP86 1. ARRIVED AT COORDINATES
EARLY 1717L WITH ALL MAGIC ON A/C
WORKING. BEGAN EXPANDING CIRCULAR
SEARCH PATTERN IN AREA FOR APPROX 35
MIN. NO SIGHTINGS OR RADIO CONTACT.
SEARCHED FROM A/C WITH BINOCULARS BUT
NOTHING. ATTEMPTED TO GO TO ALTERNATE
IC. [REDACTED] BUT SEVERE WX.
PREVENTED US. RETURNED TO PRIMARY DZ
AND CONTINUED TO SEARCH UNTIL 1800L WX
WAS GETTING WORSE BY THE MINUTE AND
ABSOLUTELY NO INDICATION OF ANYBODY ON
THE GROUND. THEREFORE RET. [REDACTED] WITH
LOAD. 2. WE HAVE BOTH A/C READY AND ARE
WILLING TO BRING BOTH OF THEM DOWN
TOMORROW IF WX PERMITS AND WE CAN GET A
BETTER IDEA OF WHERE TROOPS ARE. NEED
TO KNOW IF THEY HEARD US. IF THEY DID
NOT. THEY ARE SOMEWHERE OTHER THAN
11.21N/84.18W. WHAT WAS WX IN TROOPS AREA
AT 1715L? WILL WORK WITH [REDACTED] TO GET
WX REPORTS. ANY HELP FROM YOU WOULD BE
APPRECIATED BOTH FOR WX AND FOR LOCATING
TROOPS. WE GOT SOME MEDICINE FROM FARM
TODAY AND WILL BRING IT IF DESIRED.
3. UNDERSTAND SANDANISTAS SHOT DOWN ONE
OF THEIR OWN A/C YESTERDAY..C-47. IT
HAPPENED UP IN AREA WHERE OUR C-7S HAVE
BEEN WORKING. 4. SORRY FOR NO GOODS
TONIGHT BUT WOULD HAVE BEEN COMPLETE
WASTE TO THROW IT OUT WITH ABSOLUTELY NO
CONTACT. PLS ADVISE HOW YOU WANT TO GO
FROM HERE. BOB BT.

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under provisions of E.O. 11652
by K. Johnson from [REDACTED]

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4 MAY 87
[REDACTED] [REDACTED]

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21 ¹⁵/₇ = 6Sept
Send to Coop

REMEMBER I AM MORE RELY ON YOU. I
 HAVE INVENTORY OF ITEMS ORDERED BY ME. I
 DO NOT KNOW WHAT HE NEEDED BUT NOT WHAT
 WE HAVE DELIVERED. 3. HAVE NOT RECEIVED
 I GENTLE RAY STATEMENT FROM DAN YET.
 I WILL HAVE LIES IT TODAY. YOU MAY WANT
 TO CALL HIM AND BE SURE I GET IT ASAP.
 ALSO THE COPIES OF THE MISSION REPORTS.
 4. HAVE JOHN SEND ME A COPY OF THE LAST
 TRIP REPORT ON THE MACHINE. OUR TOP
 L. BOSSSES ARE GETTING BRIEFINGS USING OUR
 MATERIALS. I HOPE TO HAVE THE
 OPPORTUNITY TO GIVE SOME OF THE
 BRIEFINGS MYSELF SOON. I'VE DONE A LOT
 OF BRAGGING ON WHAT YOU GUYS HAVE
 ACCOMPLISHED. SO KEEP GIVING ME THINGS
 TO BRAG ABOUT BUT FLY SAFE. BOB ST.

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5250

00540

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NO DATE

UNCLASSIFIED

NO DATE

SECRET

SAT 10SEP1330. PLAN OF DAY WILL
SEND 1/C 123 40. [REDACTED] LB. WILL FID.
LOAD 10K LB MUNITION TO OTHER C-123 AND
DELIVER TO [REDACTED] TODAY FOR THEM TO
RIG. TOMORROW 123 40 WILL GO SOUTH WI
LOAD PRESENTLY IN WAREHOUSE WHILE OTHER
C-123 TAKES 10K LB TO [REDACTED] TUES WILL
PUT 2/54 LB ON 2/C-123. TAKE [REDACTED] AND
OFFLOAD. WILL THEN LOAD BOTH A/C WITH
BUILT-UP LOADS AND FLY 2-SHIP TO [REDACTED]
NORTHERN TROOPS AND RET TO [REDACTED] CAN
COMPLETE MSN WI 2/HR RESERVE. WILL START
WORKING ON SUPPORT FOR OTHER SOUTHERN
FORCES. RALPH CAN HELP GET PARACHUTE
SUPPORT FROM [REDACTED] UNFORTUNATELY LOOKS
LIKE WE NEED 800 CHUTES TO CLEAR
WAREHOUSE. EVERYTHING WE CAN DELIVER TO
[REDACTED] THEM TO RIG SAVES US. 2.T.S.
PLS SEND FAWN. END OF PLAN. FOR BLUEBIRD
SAT EVE REPORT-FLEW ALL 3 A/C TODAY.
COOPER AND I DELIVERED 10K OF GRENADES
[REDACTED] FOR RIGGING. WILL TAKE 10K OF
MORTARS TOMORROW. MET [REDACTED] TODAY.
HE ESPECIALLY HAPPY WI US NOW SINCE HE
BELLIED FDN DC-3 IN FRI. 60 MI W. [REDACTED]
[REDACTED] HE, S OK. OTHER C-123 DELIVERED 10K
[REDACTED] WX D.S. BUT GOT LUCKY.
HAVE PHOTO PROOF OF LOAD IN CENTER OF
DC. C-7 DELIVERED 15K [REDACTED]
FORWARD BASE TODAY. WILL CONFIRM WI
RALPH WHO GETS LOAD TOMORROW. SUN EVE.
REPORT. FLEW 2/C-123 TODAY. OTHER A/C OK
BUT NO WORK. COOP AND I PUT ANOTHER 10K
[REDACTED] 17K RIGGED AND READY FOR US TO
TAKE OUT OF THERE TO NORTH. NO.2 C-123
DROPPED 10K ON DZ NO.2. [REDACTED]
POSITIVE ID OF DZ. PHOTO PROOF. HAVE NOW
DELIVERED 75K IN 2 DAYS. TAKING TOMORROW
OFF. [REDACTED]
RALPH COMING TOMORROW WI FUEL
MONEY. APPROX 20K NEEDED. WILL ADVISE
PLAN FOR WEEK TUES. I RTB APPROX THURS.
23 C-123 NOW ARMED WI HK-21/7.62 MACHINE
GUN ON AFT RAMP. BRING ON MI-24. FFS.
SEND FAWN-CAN.T CONTINUE ON MILK AND
COOKIES. RGDS BOB.

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Partially Declassified/Released on 4 May 1997
under provisions of E.O. 12356
by B. Reger, National Security Council

00420

To Earl 12 Aug

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12 Aug 68

Q 10

TO BOB/AMBA FROM MC ALLISTER. DISCUSSION
 WITH OLMSTEAD INDICATES NO PROBLEM WITH
 MONEY AS HE WIRED REQUIRED AMOUNT SOME
 TIME AGO. ONLY REAL PROBLEM FROM HIS
 POINT OF VIEW IS POSSIBILITY OF
 SQUATTERS. FYI. WE HAVE AGREED TO PUT
 FULL TIME MAN IN RANCH HOUSE TO INSURE
 NO SQUATTERS. WHILE WE AGREE WE THAT
 SQUATTERS COULD BE A PROBLEM WE ONLY
 CONSIDER THIS PART OF
 LARGER, REAL, PROBLEM. OUR CONCERN IS
 WHAT [REDACTED] AND AMBASSADOR ARE GOING TO DO
 REE THE PROPERTY ITSELF SINCE AFTER MUCH
 EFFORT AND EFFORT WE NOW HAVE NO ACCESS
 AND THEY DONT SEEM TO BE ABLE TO HELP.
 SUGGEST YOU POSE QUESTION ALONG THESE
 LINES BACK TO [REDACTED] SAYING THAT WE ARE
 ALSO CONCERNED ABOUT SQUATTERS BUT MORE
 CONCERNED AS TO WHAT THEY ARE GOING TO
 DO ABOUT THE MORE IMPORTANT PROBLEM.
 MOREOVER, AMB AND [REDACTED] NEED TO THINK
 ABOUT WHAT HAPPENS AFTER CIA GOES BACK
 INTO FIELD. DO WE GIVE THE PROPERTY
 BACK OR WILL CIA WANT TO USE IT? BOB
 ET.

5252

Partially Declassified/Released on 11 Feb 88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

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8/86
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10 call 12 Aug

"DISCUSSING FROM MC ALLISTER..DISCUSSION
THOUGHTS INDICATES NO PROBLEM WITH
LINE AS HE WIRED REQUIRED AMOUNT SOME
TIME AGO. ONLY REAL PROBLEM FROM HIS
POINT OF VIEW IS POSSIBILITY OF
SQUATTERS. FYI..WE HAVE AGREED TO PUT
FULL TIME MAN IN RANCH HOUSE TO INSURE
NO SQUATTERS..WHILE WE AGREE WE THAT
SQUATTERS COULD BE A PROBLEM WE ONLY
CONSIDER THIS PART OF
LARGER..REAL..PROBLEM. OUR CONCERN IS
WHAT [REDACTED] AND AMBASSADOR ARE GOING TO DO
REF THE PROPERTY ITSELF SINCE AFTER MUCH
EFFENCE AND EFFORT WE NOW HAVE NO ACCESS
AND THEY DONT SEEM TO BE ABLE TO HELP.
SUGGEST YOU POSE QUESTION ALONG THESE
LINES BACK TO [REDACTED] SAYING THAT WE ARE
ALSO CONCERNED ABOUT SQUATTERS BUT MORE
CONCERNED AS TO WHAT THEY ARE GOING TO
DO ABOUT THE MORE IMPORTANT PROBLEM.
MOREOVER, AMB AND [REDACTED] NEED TO THINK
ABOUT WHAT HAPPENS AFTER CIA GOES BACK
INTO FIELD. DO WE GIVE THE PROPERTY
BACK OR WILL CIA WANT TO USE IT? BOB
BT.

Publicly Disclosed - If Released on 22 Aug 87
under provisions of E.O. 12356
- by R. Reese, National Security Council

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961

~~TOP SECRET~~ *in 1983*

~~TOP SECRET~~ ORIGINAL

DEPOSITION OF ROBERT EARL

Partially Declassified / Released on *20 May 1987*
under provisions of E.O. 12356
by B. Reger, National Security Council

Saturday, May 2, 1987

House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

#1023

The committee met, pursuant to call, at 3:30 p.m., in
Room 901, Hart Senate Office Building, W. Neil Eggleston
(Deputy Chief Counsel of the House Select Committee) presiding.
Present: W. Neil Eggleston, Deputy Chief Counsel; Mark
Belnick, Executive Assistant to the Chief Counsel; Terry
Smiljanich, Associate Counsel; Richard A. Arenberg, Administra-
tive Assistant to U.S. Senator George J. Mitchell; Victoria F.
Nourse, Senate Select Committee; Richard Cullen, Administra-
tive Assistant to Senator Paul Tribble; and Dennis Dean Kirk,
Esquire, Counsel for Robert Earl.

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1 Whereupon,

2 ROBERT EARL,

3 was called as a witness by counsel for the Select Committee,
4 and after having been duly sworn, was examined and testified
5 as follows:

6 EXAMINATION BY COUNSEL FOR THE SELECT COMMITTEE

7 BY MR. BELNICK:

8 Q Would you state your name for the record?

9 A Robert Lawson Earl.

10 Q You are a member of the military?

11 A Correct.

12 Q The rank of?

13 A Lieutenant Colonel.

14 Q Lieutenant Colonel, let me read to you an order
15 that was entered by the United States District Court for the
16 District of Columbia in a proceeding entitled "Senate Select
17 Committee on Secret Military Assistance to Iran and the
18 Nicaraguan Opposition, the United States Senate, Washington,
19 D.C."

20 The index number is Miscellaneous Number 87-0099,
21 and this is the text of the order.

22 "Upon consideration of the application by the Senate
23 Select Committee on Secret Military Assistance to Iran and
24 the Nicaraguan Opposition, upon determining that the
25 procedural requirements of 18 U.S.C. Section 6005(b) have

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1 been satisfied, and upon consideration of the application of
2 Independent Counsel Lawrence E. Walsh, under 18 U.S.C.,
3 Section 6005(c), to defer this order for twenty days from the
4 date of the Select Committee's request for the order, it is,
5 this 30th day of March, 1987,

6 "ORDERED That Robert Earl may not refuse to testify,
7 and provide other information, at proceedings of the Senate
8 Select Committee on Secret Military Assistance to Iran and
9 the Nicaraguan Opposition, on the basis of his privilege
10 against self-incrimination, and it is

11 "FURTHER ORDERED That no testimony or other
12 information compelled under this Order (or any information
13 directly or indirectly derived from such testimony or other
14 information) may be used against Robert Earl in any criminal
15 case, except a prosecution for perjury, giving a false state-
16 ment, or otherwise failing to comply with this Order, and it
17 is

18 FURTHER ORDERED That this Order shall become
19 effective on April 19, 1987."

20 MR. EGGLESTON: My name is Neil Eggleston, Deputy
21 Chief Counsel of the House Select Committee. The House
22 Committee similarly has obtained an order compelling your
23 testimony immunizing you from the use of the testimony, and
24 I will identify the document simply for the record and have it
25 put into the record.

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1 It was also signed by a United States District
2 Judge in the District of Columbia. The caption reads,
3 "House Select Committee to Investigate Covert Arms Trans-
4 actions with Iran," Miscellaneous Number 87-0105. It is
5 dated March 30, 1987 and provides on April 18, 1987 -- signed
6 by Judge Robinson. Obviously, it is after April 19. I would
7 ask this as well be made part of the record.

8 "On consideration of the application by the House
9 Select Committee to Investigate Covert Arms Transactions with
10 Iran and the memorandum of points and authorities, and
11 exhibits, in support thereof, the Court finds that the pro-
12 cedural requisites set forth in 18 U.S.C. Section 6005 for
13 an order of the Court have been satisfied. Accordingly, it
14 is

15 "ORDERED that Robert Earle may not refuse to provide
16 any evidence in proceedings before the House Select Committee
17 to Investigate Covert Arms Transactions with Iran on the
18 basis of his privilege against self-incrimination, and it is

19 "FURTHER ORDERED that no evidence obtained under this
20 Order (or any information directly or indirectly derived from
21 such evidence) may be used against Robert Earle in any
22 criminal case, except a prosecution for perjury, giving a
23 false statement, or otherwise failing to comply with this
24 Order.

25 "FURTHER ORDERED That this Order shall become

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1 effective on April 19, 1987."

2 Let me just simply say, I think I have previously
3 provided your counsel with a copy of the rules establishing
4 the committee. I have got them here with me. If you would
5 like to look at those, you are entitled to them as well.

6 MR. BELNICK: For the record, this appearance here,
7 also pursuant to compulsion of defendant, is pursuant to
8 subpoena. I would mark for the record the subpoena and
9 notice of deposition, dated March 16, 1987, which the Senate
10 Committee served on Colonel Earl.

11 (The documents referred to were marked as Earl
12 Exhibit No. 1 for identification.)
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UNITED STATES OF AMERICA

Congress of the United States

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Notice of
Senate DepositionTo Robert Earl

Greeting:

Please take notice that at 9:30 o'clock a.m., on March 24
 19 87 at Hart Senate Office Building, 9th floor

*of the staff of the Select Committee on Secret Military Assistance to Iran and the Nicaraguan
 Opposition of the Senate of the United States, will take your deposition on oral examination
 concerning what you may know relative to the subject matters under consideration by said
 Select Committee. The deposition will be taken before a notary public, or before some other
 officer authorized by local law to administer oaths; it will be taken pursuant to the Select
 Committee's rules, a copy of which are attached.*

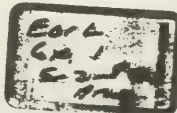
Given under my hand, by authority vested in me by

the Select Committee on Secret Military

Assistance to Iran and the Nicaraguan

Opposition on March 16 1987

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W. M. G. (B)

UNITED STATES OF AMERICA

Congress of the United States

To Robert Earl

, Greeting:

Pursuant to lawful authority, **YOU ARE HEREBY COMMANDED** to appear before the SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION of the Senate of the United States, on March 24, 1987, at 9:30 o'clock a. m., at their committee room Hart Senate Office Building, 9th Floor, then and there to testify what you may know relative to the subject matters under consideration by said committee.

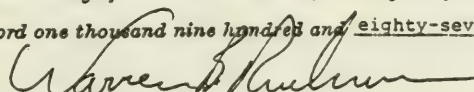
Pursuant to Committee Rule 6, this Subpoena directs appearance at the deposition whose notice accompanies it. You must bring with you the materials listed in Attachment A.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To any Select Committee staff member or U. S. Marshal to serve and return.

Given under my hand, by order of the committee, this 16 day of March, in the year of our

Lord one thousand nine hundred and eighty-seven


Vice Chairman
Warren Rudman

ATTACHMENT AROBERT EARL

The respondent, Robert Earl, shall produce:

1. All documents referring, relating to or discussing Robert Earl's position on the staff of the National Security Council ("NSC"), or any activities by Mr. Earl as an NSC staff member, or the activities of Lieutenant Colonel Oliver North, or the activities of any other NSC staff member or principal.
2. All documents discussing or relating to:
 - a. Arms transactions directly or through third-parties with Iran, Israel, Manucher Ghorbanifar, Adnan Khashoggi, Yaacov Nimrodi, Amiram Nir, or Al Schwimmer, or Lake Resources, Inc., or any companies owned by, controlled by, or affiliated with, the previously named persons and companies; or arms transactions directly or indirectly or through third-parties with the Contras or any forces opposed to the Government of Nicaragua.
 - b. American hostages; or
 - c. The Contras or any forces opposed to the Government of Nicaragua, including assistance or efforts to assist such forces.
3. All documents relating to any of the persons or entities listed on Appendix 1.
4. For Saudi Arabia, Switzerland, the Cayman Islands, Panama, Bermuda, El Salvador, Costa Rica, Nicaragua, Honduras, Guatemala, Israel, and Portugal:
 - a. All correspondence, telexes, or other materials relating to communications to or from individuals or entities in these countries;
 - b. All statements, checks, deposit slips, and other materials for bank accounts in these countries, whether such correspondence, telexes, other communications, and accounts are those of the respondent or otherwise.
5. All of Robert Earl's appointment books, diaries or calendars.

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* * *

A. The documents called for by the foregoing requests are for the period January 1, 1981 to date.

B. The term "document" is used in the foregoing requests in its broadest possible sense and means all things or media of any kind on which or from which information can be transcribed or recorded including, but not limited to, writings of any kind, computer printouts, cables, telexes, memoranda, letters, tape recordings, calendar entries, diary entries, bank statements, notes, other financial records, etc.

For any questions regarding this subpoena, contact Arthur L. Liman, Chief Counsel, at 224-9183 or Mark A. Belnick, Executive Assistant to the Chief Counsel, at 224-9974.

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1 MR. BELNICK: In connection with the document
2 request attached to the subpoena, do I understand all
3 documents responsive to our subpoena have been turned over
4 by you to the Independent Counsel?

5 MR. KIRK: Every single one.

6 MR. BELNICK: Everything you had that was relevant
7 was given to Independent Counsel, is that correct?

8 THE WITNESS: And more.

9 MR. BELNICK: Approximately when did you turn it
10 over to the IC? Three weeks ago?

11 THE WITNESS: Two weeks, two to three.

12 MR. BELNICK: Two to three weeks ago?

13 MR. KIRK: Yes.

14 MR. EGGLESTON: You are appearing here today
15 pursuant to a subpoena served upon you, I think, through your
16 counsel some time ago. I don't have the subpoena here with
17 me today, but, again, this deposition is being conducted to
18 that subpoena.

19 It also called for production of documents. I
20 assume that your response to Mr. Belnick is the same as it
21 would be to us, and that is the documents that you have have
22 been provided to Independent Counsel, is that correct?

23 THE WITNESS: Yes.

24 MR. BELNICK: As I have told you on behalf of both
25 Neil and myself, our understanding is that the documents you

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1 provided to the Independent Counsel are going to make their
2 way to us in some shape or form through the White House and the
3 NSC. We have not yet had a chance to review all of what the
4 White House has because of national security concerns. I
5 have seen some copies this morning, but not all.

6 My House colleagues haven't had a chance to see any
7 yet. So we will work that out with the White House. That
8 is not your problem. Once we have had a chance to work out
9 the ground rules in subsequent sessions, I am sure we will
10 have some questions for you about those notebooks.

11 BY MR. BELNICK:

12 Q For the record, Colonel, what is your address?

13 A

14 Q Where are you currently employed?

15 A Headquarters Marine Corps.

16 Q Where is that?

17 A It is in Northern Virginia.

18 Q Briefly, where were you employed?

19 A At the NSC, National Security Council.

20 Q When did you start work on the NSC staff?

21 A Approximately mid-February is probably the best
22 way to characterize that. There has been, there were
23 differing dates on the orders that were cut at Headquarters
24 Marine Corps. Rather than nail it down to the 20 or 15, I
25 think mid-February is the best way to characterize it.

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- 1 Q 1986?
- 2 A 1986, correct.
- 3 Q When did you leave the NSC staff?
- 4 A 1 January 1987.
- 5 Q Did you resign?
- 6 A No.
- 7 Q What were the circumstances?
- 8 A I was re-assigned.
- 9 Q By the Marines?
- 10 A By the Marines.
- 11 Q Could you tell us what your -- I understand you
- 12 went to Annapolis.
- 13 A Yes.
- 14 Q Graduated?
- 15 A 1967.
- 16 Q Was then a Rhodes scholar?
- 17 A Yes.
- 18 Q How many years did you spend at Oxford?
- 19 A Three.
- 20 Q When you finished at Oxford, tell us what you did --
- 21 summarize, if you could, from then until the time you joined
- 22 the NSC staff.
- 23 Q What year did you leave Oxford?
- 24 A 1971.
- 25 A variety of Marine Corps tours subsequent to that,

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1 a combination of command and staff operations and non-
2 operational assignments.

3 You want me to go through all of those?

4 Q No.

5 A All right.

6 I was assigned to the advanced amphibious studies
7 group in Quantico, Virginia, in the summer of 1985 and had
8 been there for a week as a new assignment, having just come
9 from the Naval War College for a year.

10 Then I was assigned temporary additional duty --
11 TAD is what we call it. That is not a permanent change
12 station but a temporary assignment to the President's Task
13 Force on Combatting Terrorism, and served there for
14 approximately seven months until mid-February 1986, when
15 I was re-assigned permanent change of station to work on the
16 NSC staff.

17 Q Did Greg Corey work on the staff task force, as
18 well?

19 A Yes, he did.

20 Q Did you seek assignment on the NSC when that para-
21 terrorism task force job was over?

22 A Let me explain that.

23 Q Sure.

24 A It is a little more difficult than a yes or no
25 on that.

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1 Each of the political services assigned one member
2 to the working group of the Vice President's task force as
3 well as other members. The CIA had a member; the State
4 Department had a member.

5 One of the recommendations of the Vice President's
6 task force was to strengthen intercombat terrorism at the
7 NSC. Previously there had been one person assigned to follow
8 that, and that one person following it, amongst other
9 duties, and therefore not full-time, not one dedicated person,
10 so the recommendation was to create a staff, a small staff
11 so a full-time staff could be devoted to improve interagency
12 coordination on terrorism.

13 The strategy, if you will, to implement that
14 recommendation that was, I understand, approved by
15 Admiral Poindexter in consultation with Admiral Holloway,
16 who was executive director of the task force, was to tap this
17 pool of expertise that had suddenly been created on terrorism,
18 half a dozen officers who had studied it for seven months,
19 and seemed to waste, to send those people back to the
20 service to do non-terrorism things, that it made sense to
21 get up on step with this talent.

22 So, the officers were informally polled as to who
23 wanted to go back to his parent agency or who was available
24 to go to another assignment on terrorism within the
25 Washington bureaucracy, which included the State Department,

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1 as well as the NSC.

2 Some of the officers chose to go back to their
3 parent services; some were working on terrorism already in
4 that billet. And some of us chose to say, "I am available
5 to move on."

6 I was one of those who said, "I am available to
7 continue to implement the policies of combatting terrorism."

8 As I understand it, Craig Coy, Lieutenant Coy
9 and I, were the two that were selected to go to the NSC.
10 Lieutenant Bailey went to the State Department, and I think
11 that everybody else ~~went~~ ^{As} back to a parent agency or
12 organization.

13 Q Had Ollie North worked on the task force?

14 A Well, he wasn't a member of the working group
15 that I am talking about amongst the half a dozen officers,
16 but he was part of -- he was the Senate person I referred
17 to as being the one person assigned, and so he was a member
18 of one of the interagency review groups of the task force,
19 there being a senior review group and an intermediate
20 level review group.

21 At that level he participated in the deliberations
22 of the task force, yes.

23 Q When did you first meet North?

24 A Lieutenant Colonel North and I are classmates
25 from the Naval Academy. He had started out in the same.

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1 class as I, the class of 1967. But in -- I guess, I am not
 2 sure which leave period it was -- I think spring leave, but
 3 I am not positive of that. One of the leave periods he
 4 was involved in a very serious automobile accident with a
 5 number of other classmates and spent a considerable time
 6 in the hospital and wound up having to be what we call
 7 "recycled" in the class of 1968.

8 I don't recall him from the Naval Academy, but
 9 my first recollection was when we were assigned together
 10 as students at amphibious warfare school in Quantico,
 11 Virginia, as captains -- and I am not recalling the year
 12 right now -- we were there five months for a course -- but
 13 it was in the early 1970s, say a couple years, 1973, 1974,
 14 something like that, although I will also say when I first
 15 saw him the first time, something about him seemed familiar,
 16 and just couldn't place it and have not to this day.

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 18 drg-fols

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1 I may have seen him at the Naval Academy, but I don't
2 specifically recall. From that time on, we had several
3 overlap assignments on occasion in Marine Corps, transfers;
4 for example, after AWS I went to Okinawa, Colonel North stayed
5 in Quantico and went to a further school, but then went to
6 Okinawa, so part of our year on tour in Okinawa overlapped.
7 He was up in the Northern part of the island as the officer
8 in charge of a, what we call the Northern Training Area, a
9 very good training area, that was units on island, and went
10 to conduct training.

11 I was responsible for some reconnaissance units that we
12 would periodically go up to conduct training. So I had
13 professional conduct with him there as well, and that sort of
14 thing, which included personal friendship, as well, that
15 developed from then on.

16 Q Do you work together with him now at Marine Head-
17 quarters?

18 A No. He is assigned to a different staff section
19 than I, he is in PP&O, Plans and Operations, and I am in
20 RD&S, Research, Development and Studies.

21 Q When you got your assignment to the NSC staff, what
22 was it?

23 A Well, as I previously mentioned, both Lieutenant
24 Commander Coy and I were assigned subsequent to his recommenda-
25 tion, I think recommendation number three for the Vice

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1 President's Task Force To Combat Terrorism, report to
2 strengthen international agency coordination. So we knew
3 that we were going to the NSC staff to augment the counter-
4 terrorism office, although when we were assigned, we were
5 told that because of personnel constraints in numbers, there
6 were no openings on the NSC staff per se, so we were assigned
7 to what is called the Crisis Management Center, CMC, which is
8 an adjunct to the NSC, but different in various ways, such
9 as trips, TAD trips, or things like that.

10 The NSC staff had its own administrative section,
11 travel, so forth, that you could get your orders to go on a
12 trip right from there, whereas the CMC operated through the
13 military, and I think it is a separate budget that funds the
14 Crisis Management Center through DOD. So we would have to
15 go to, I think, Bolling Air Force Base to get orders or submit
16 your travel reports.

17 Q Where was your office at DOD?

18 A At first we had no office -- Lieutenant Commander
19 Coy was able to arrange from a previous contact on the
20 domestic side who he had worked for as a White House fellow
21 some temporary offices which we used for about a month until
22 the arrangements ultimately occurred. A suite, 302, was
23 eventually provided to us in early May, as I recall, is when
24 we finally moved in there. It was right after the Tehran
25 visit by Bud McFarlane.

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1 Q We will get to that. The temporary offices were
2 just you and Lieutenant Commander Coy?

3 A We were upstairs in the fourth deck of the Old
4 Executive Office Building, and Colonel North was in the suite,
5 Suite 392.

6 Q Then all three of you moved into 302 around sometime
7 in May?

8 A In May.

9 Q As I understand it, 302, Suite 302 was a two-level
10 office.

11 A Right.

12 Q Lieutenant Colonel North was downstairs, outside
13 his office were secretaries Fawn Hall and Barbara Brown.

14 A Although Barbara Brown came quite late. It took a
15 while --

16 Q She worked for you?

17 A And they finally realized three guys and one
18 secretary was too much for one secretary and finally hired
19 another secretary.

20 Q But finally it was Barbara Brown, Fawn Hall on the
21 first level.

22 A Correct.

23 Q Upstairs were you and Coy?

24 A Yes.

25 Q Anybody else upstairs?

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1 A There were three offices upstairs. The middle
2 office was available most of that time. When we first con-
3 sidered moving into the suite, or knew we were moving into
4 the suite when they were constructing it, there was, as I
5 recall, an Air Force officer in the White House situation room
6 who was going to move on to the staff as well. But then he,
7 before all this happened, received orders from the Air Force
8 and was reassigned from the White House. When we moved into
9 302, that office was vacant. Ultimately, a Marine, I think he
10 was a captain, I am not sure, I never saw him in uniform, I
11 think he was a captain, lawyer, Jock Scharten moved in, who
12 worked for NSC Counsel, Paul Thompson.

13 Q There were safes in Suite 302, as I understand.
14 Were there any -- am I right, there were safes?

15 A Yes.

16 Q Were there any safes upstairs?

17 A The floor loading would not support safes. There
18 were no safes.

19 Q They would have been downstairs, in any event?

20 A That is right.

21 Q The two safes were downstairs?

22 A There were more than two.

23 Q How many were there?

24 A Well, there were two in the little coat room, I guess
25 we would call it, and then I think about four outside of that

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1 along the wall in front of Barbara Brown's desk. So it may
2 only be three, three or four.

3 Q Three or four along the wall in front of Brown's
4 desk?

5 A Yes. So a total of five or six, approximately.
6 I could be off by one or two.

7 Q Did you have access to all of those five or six
8 safes?

9 A I had the combination to all those safes, yes.

10 Q Did you have occasion during your work in Suite 302
11 to go into every one of the safes in the office?

12 A I don't think I ever had to open Lieutenant Colonel
13 North's safe, the one in the, what I have called the cloak
14 room.

15 Q Is that near the electrical --

16 A If you are looking into the cloak room, there are
17 two safes and a shredder. It was the one in the middle,
18 the one beside the shredder, a four-door safe.

19 Q Did you have the combination to that safe?

20 A Yes, I did.

21 Q Did you ever open it?

22 A I don't think I ever opened it.

23 Q Did you see it opened?

24 A I recall seeing it opened in 392 when it was back
25 in Colonel North's old office. I am not specifically

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18

1 recalling seeing it open while we were in 302. But it must
2 have been.

3 Q Only what you can recall seeing. You don't recall
4 seeing it open in 302?

5 A Not that I am recalling right now.

6 Q When you saw it opened in 392, did you see what
7 it contained?

8 A It was right behind Colonel North's desk in that
9 room. It was open when he was there. On occasion, he would
10 pull something out of there. For example, I knew there was
11 in there a file on a particular terrorist who, I don't think
12 I really want to --

13 Q You don't need to mention the name.

14 A Right now.

15 Q Okay.

16 A So little -- that would be an example. I would have
17 occasion to know of something like that, but not the whole
18 contents, no.

19 Q Do you know what the safe, the same safe contained
20 at any point while it was in 302?

21 A I do not know what it contained, but I think it
22 was just moved from 392 down to 302.

23 Q You don't know what Colonel North stored in that
24 safe while it was in 302?

25 A I don't know. I assume it was the same thing that

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19

1 he had stored in --

2 Q Don't assume.

3 A Don't speculate, all right.

4 Q Did Colonel North ever tell you what he had in that
5 safe?

6 A No, he never told me what he had in that safe,
7 although we are getting to something that's possibly relevant,
8 which is at the time, I think it is in May or April, it was in
9 the spring, I think prior to his trip to Tehran with Mr.
10 McFarlane and others, but it may not have been on that
11 occasion, it may have been prior to one of the other trips
12 that he made. But there was, he told me if he didn't come
13 back from one of those trips, that I was to destroy the
14 contents of the bottom drawer of that safe.

15 Q He didn't tell you, though, what those contents
16 were?

17 A No, he did not.

18 Q And you didn't look?

19 A And I did not look.

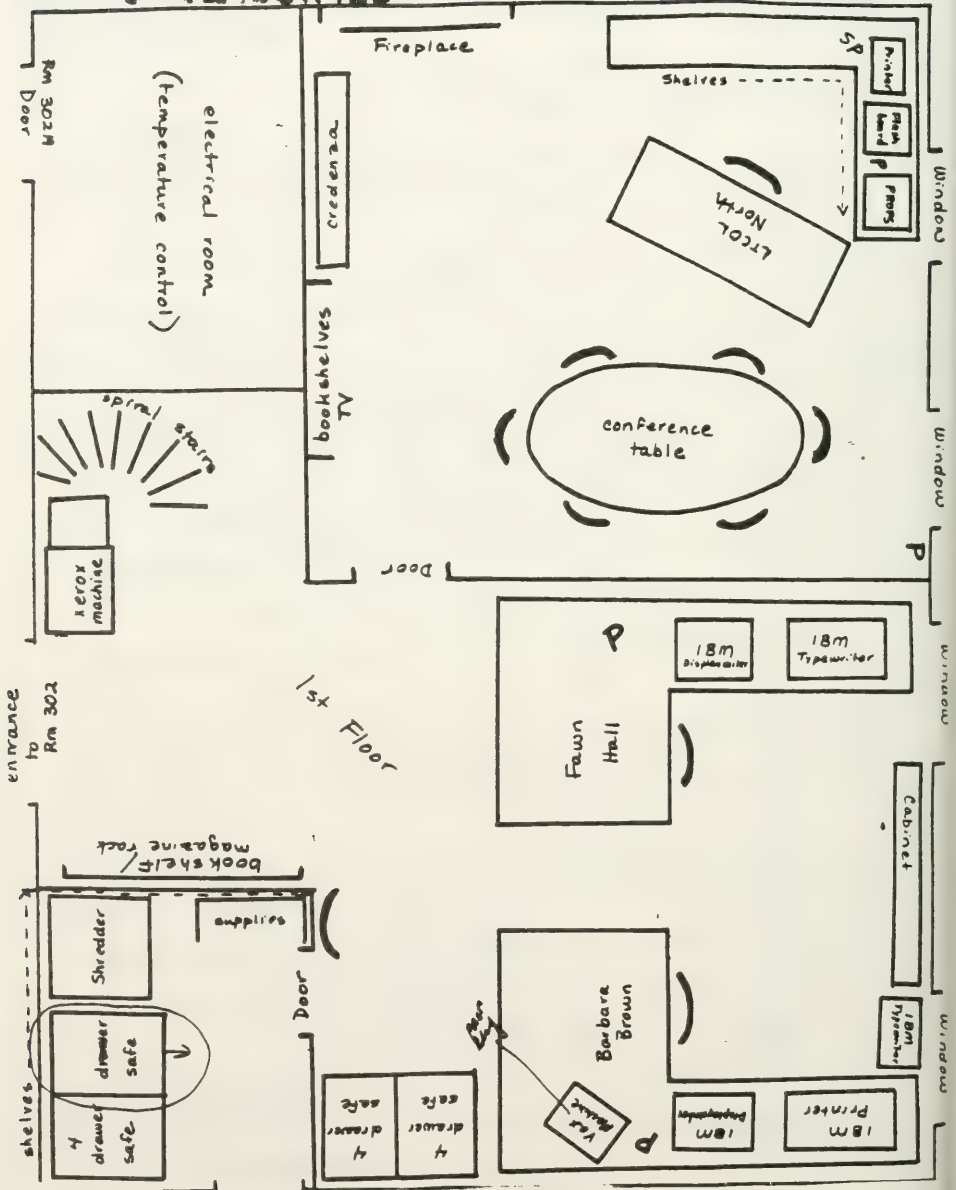
20 Q I have here what I believe is a rendition of Suite
21 302, the first floor and second floor, which I will have the
22 reporter mark for the record as Earl Deposition Exhibit 2.

23 (The document referred to was marked as Earl
24 Exhibit No. 2 for identification.)

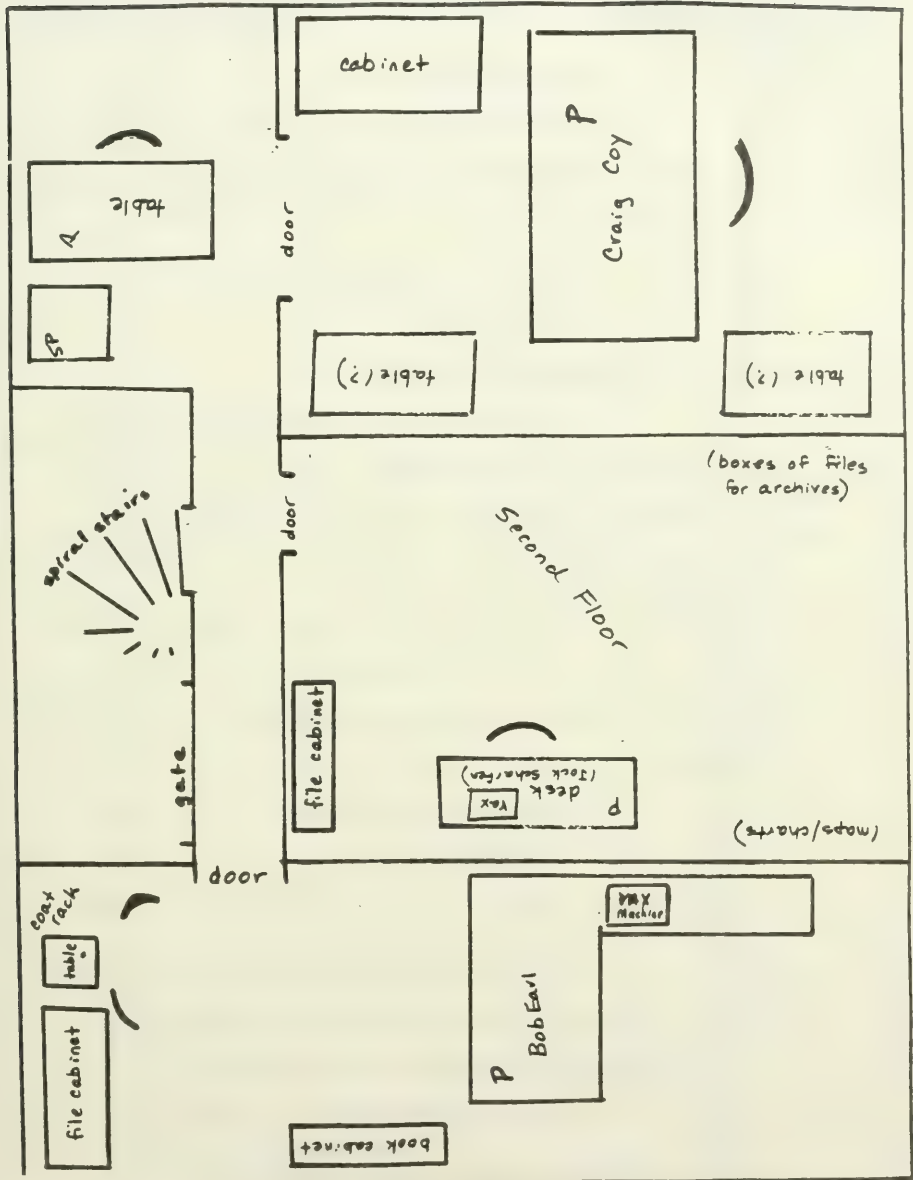
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1st Floor



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20

1 BY MR. BELNICK:

2 Q Let me show you Earl Exhibit 2, it is not drawn to
3 scale, just approximations. Without asking you to vouch for
4 the beauty of it, does this appear to be generally the layout
5 of the first floor?

6 A It has two safes. That may be true.

7 Q Roughly anyway?

8 A Oh, yes.

9 Q All I want to know, the safe that was Colonel
10 North's safe, the one you say he told you to enter the bottom
11 drawer if something happened to him and get rid of the
12 contents, which one is it? Is it one of these? Can you
13 make a mark?

14 A I would say this one. What throws me off is you
15 have to -- oh, this is five-drawer.

16 Q Would you make a circle around the one you think it
17 was?

18 (The witness complied.)

19 BY MR. BELNICK:

20 Q That is next to the shredder?

21 A Correct.

22 Q Now, we are going to get to May very fast, but let
23 me ask you: Was Colonel North your immediate superior at the
24 NSC staff from the time you started working there?

25 A Yes. Although technically I was senior to him

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1 because of my graduation date, as compared to his, but that
2 didn't mean anything in terms of assignment at the NSC.
3 There was no question in my mind that he had been there four
4 years and was the boss. He was my superior for the office,
5 that is correct.

6 Q And Commander Coy's as well?

7 A Yes.

8 Q You and Commander Coy were on the same level?

9 A Yes.

10 Q Let me just show, if I may, while we have -- the
11 second page of Exhibit 2, which appears to be the sketch of
12 the second floor of 302, including desk and office. Is that
13 an accurate rendition of the second floor of 302 as you
14 remember it?

15 A Yes.

16 Q All right. Now, you were the Political Military
17 Affairs Section of the NSC, is that what it was called? You
18 smiled. What did I do wrong now?

19 A It's more complicated than that.

20 Q All right. I am sorry.

21 A If you look at the phone book or you called Public
22 Affairs at NSC and asked what Colonel North's description was,
23 he would be described as Deputy Director for Political-
24 Military Affairs. He is shown that way in the wiring
25 diagram. But that wasn't where he really worked. He really

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1 worked for Admiral Poindexter direct, with no intervening
2 office, director or other layer within the NSC. And that
3 was for deliberate reason of cover and protection of those
4 who were working the counter-terrorism problem, and the same
5 reasoning that we on the task force chose not to put a little
6 sign out in front of your office that said "Vice President's
7 Task Force on Combatting Terrorism." We felt we might as well
8 put a bullseye if we did something like that. We didn't
9 want to raise our profile as being involved with that subject
10 and increase risk to the office or the staff or anything
11 like that.

12 Craig Coy and I were assigned in the Crisis
13 Management Center, and we asked for similar treatment of --
14 similarly not to show us as working on terrorism but for
15 various administrative reasons that didn't happen, and if you
16 will look at the NSC phone book at that time, you will see
17 Craig Coy and I are listed as Deputy Directors or officers
18 in combat terrorism.

19 Q You answered the next three questions. In fact,
20 you, Mr. Coy and Mr. North were in one unit reporting
21 directly and specially to the National Security Adviser?

22 A Correct.

23 Q Any other members of that unit?

24 A Well, Fawn Hall, who was Colonel North's secretary,
25 and was listed as working for him. Barbara Brown was listed

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23

1 as working for Craig Coy and me.

2 Q Apart from that group?

3 A No, that was the Office to Combat Terrorism.

4 Q When did you first get briefed into, and I will
5 call the Iran compartment, and I mean, of course, the Iran
6 program that you know as a subject of this investigation.

7 A It was prior to Mr. McFarlane's trip to Tehran.
8 And I am not sure of the date. April or May. Sometime before
9 the trip. Colonel North, since he knew he was going to Tehran
10 with Mr. McFarlane and others and would be gone for a period
11 of time, needed some backup for working the problem back at
12 the NSC, that he would be gone. So there was now a need to
13 brief someone else into that compartment, and so he briefed
14 me into it and asked that I take care of certain things on it,
15 such as the communications.

16 We had secure communications with the McFarlane
17 party, and be able to set those up and brief Admiral Poindexter
18 so he could brief the President on the status of negotiations
19 as they occurred, and I helped with various things on the
20 project, development of the operation and order to cover it,
21 contingency, press guidance, various things to help.

22 Q Where did North give you the briefing? In his
23 office? Were you alone is what I am asking. Were the two of
24 you together?

25 A I am not sure it was one discrete formal briefing.

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1 I think it was probably more likely bits and pieces over a
2 period of time.

3 Q But just you and he?

4 A Just the two of us, yes.

5 Q Taking all those occasions together, can you tell
6 us as much as you can recall of what North told you about the
7 program?

8 A This was a sensitive program, compartment, very
9 few people were in the box, and so, therefore, security was
10 extremely important and that I was being brought in because of
11 this need, and only me, the need-to-know principle was ruthles-
12 ly applied to this compartment. The compartment was the
13 negotiations with the Government of Iran to do a variety of
14 things, and I think as part of that in briefing we talked
15 about the terms of reference or I looked at a copy, and we,
16 so part of this in briefing into the compartment would have
17 included the strategic rationale for the dialogue with this
18 group who we apparently felt was pragmatic, more pragmatic
19 than other elements within the Iran Government, and we could
20 possibly deal with and hope for a better relationship with
21 Iran after the Ayatollah died, and to forestall any Soviet
22 exploitation of the chaos that might follow the Ayatollah's
23 death, and on good faith, from their side, helping with the
24 release of our hostages in Lebanon, and as good faith from
25 our side, something to justify the risk that these people

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1 who were talking with us would be taking from the left wing
2 crazies within the Iranian Government, would be the sale of
3 some arms.

4 Q Did he tell you, while you are thinking, who the
5 people were who were involved in the compartment, aside from
6 himself?

7 A Again, taking the whole period of his departure,
8 which was my being brought up to speed on this complex
9 operation in a short period of time, I came to know that
10 Admiral Poindexter and his EA, Paul Thompson, were both in
11 the box, in the compartment. And so that would be it on the
12 NSC Staff as being fully in the compartment, I believe.

13 I may recall someone later, but I think just the
14 four of us, although there were others on the NSC staff who
15 knew part of it. So they were in not all the boxes within the
16 boxes but some element of the box, and that would be Howard
17 Teicher, who was on the party and went on the trip to Tehran.
18 But his responsibility was more the geostrategic relationship
19 with Iran, and he had helped to draft in terms of reference.
20 Hoping to draft the terms of reference was Peter Rodman, so
21 he was, again, in the box a little bit, although not as much
22 as Teicher because Teicher necessarily knew more going on the
23 trip and doing the negotiations and seeing the spare parts
24 that were in the back of the plane that took the party to
25 Tehran.

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1 As far as I understand, Peter Rodman merely knew
2 about preparing the TOR, but, of course, looking at the TOR,
3 it tells you quite a bit, and so one can extrapolate from
4 that. I didn't know what he knew or didn't know. I don't
5 know how much Rod McDaniel, the Executive Secretary, knew. I
6 think most of the time I was there that I had thought he was
7 not in the box, but at the tail end, and certainly since then,
8 with some of the things I have read in the Tower Report that
9 has made me realize he, for all practical purposes, was in
10 quite a bit of the box.

11 Outside NSC, General Secord, and really whoever
12 worked for him, and my knowledge of people that were involved
13 with him and what he did, I am not sure right now I could go
14 back and say in May I knew that --

15 Q Robert Dutton?

16 A -- Bob Dutton -- in fact, I am not sure he was
17 employed by -- I am not sure.

18 Q I know what you are saying.

19 A Sometime later, he came on the scene. Whoever in
20 that group was potentially in the box helping General Secord.

21 On the Israeli side, Omni Romnier, who was
22 the terrorism adviser to the Prime Minister; at CIA, the
23 Director of Central Intelligence, Bill Casey, [REDACTED]
24 maybe I have overstepped what I should -- I don't know on the
25 DOD -- they are super-sensitive about cover.

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1 Q You don't have to mention his title. His name and
2 the others are known and are in this record.

3 A The Tower Report didn't mention his name.

4 Q Did it mention Cave?

5 A George Cave. There was a Logistic Assistant for
6 [REDACTED]

7 Q Who handled the communications?

8 A It was the guy before [REDACTED] was
9 the guy who replaced him.

10 MR. EGGLESTON: [REDACTED]

11 THE WITNESS: [REDACTED] Charlie Allen was in
12 part of the box, but not all.

13 BY MR. BELNICK:

14 Q Did he mention whether anyone at State knew about
15 it?

16 A There were references that the Secretary had been
17 briefed by Admiral Poindexter and that no one else below
18 that --

19 Q The Secretary of State had been briefed?

20 A Yes. But later on Ambassador to Combat Terrorism --

21 Q Oakley?

22 A Bob Oakley. -- came to OSG meetings and seemed to
23 know quite a bit -- but that was later on, so I am not sure
24 how early on he knew what. He at later stages seemed to
25 know quite a bit.

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1 Q Going back to CIA, did he mention whether Gates, Dewey
2 Clarridge or Claire George was involved?

3 A I missed Claire George. He was certainly one. I
4 went out to a meeting at CIA, and he was there attending.
5 Claire George I should have mentioned earlier.

6 Dewey Clarridge, I can't recall at this time,
7 we are talking about in May, whether I knew Dewey Clarridge
8 knew about the box. Certainly later I knew that he did.

9 Q Robert Gates?

10 A I don't think there were any references to Robert.
11 Gates in May that I recall.

12 Q How about at the Defense Department?

13 A Let's see, the Secretary of Defense.

14 Q He told you the Secretary of Defense was aware of
15 it?

16 A Well, I am just trying to think whether he actually
17 told me that at one point. I can't recall that. But
18 initially, from the way we purchased the weapons through [REDACTED]
19 [REDACTED] the DOD, I knew it was approved by
20 Secretary Weinberger. I knew that certainly sometime after
21 it.

22 There were people who also knew at State, but I am
23 not exactly sure who I knew in May. For example, Rich
24 Armitage, at some point I knew --

25 Q He is at Defense?

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1 A -- part of it. But I don't know if I knew that in
2 May.

3 Q How about in the White House, did Colonel North tell
4 you there had been a Presidential covert action finding?
5 Did he tell you that in May?

6 A I think I knew in May there was a finding.

7 Q Did you see the finding?

8 A I don't think I saw the finding in May.

9 Q Did you ever see the finding?

10 A I saw the finding in November for sure. I don't.
11 think --

12 Q When the news broke?

13 A Yes.

14 Q And the finding you saw in November was dated in
15 January of 1986?

16 A As it turned out, there were two findings. One
17 was dated, I think, 17 January, and the other one was dated,
18 I am drawing a blank.

19 Q 6 or 7 January?

20 A 6 or 7 January, the same month, yes, that is right.

21 Q Both signed by the President?

22 A Yes.

23 Q Did you ever see a finding relating to Iran that
24 was earlier in date than January, 1986?

25 A No, I don't think so.

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1 Q To be more specific, you probably have seen
2 references in the Tower Report to a proposed finding in
3 November, 1985 that would have retroactively proved certain
4 actions that had been taken prior to that in the Iran compart-
5 ment. Does that sound familiar at all from anything that you
6 have read?

7 A November, '85?

8 Q Yes. And if it doesn't, then you have answered the
9 next question. You never saw a finding or heard about a
10 finding like that?

11 A No, I don't think so.

12 Q Anything called a mini-finding?

13 A I have seen references to that, but I think my
14 knowledge of that is all subsequent. I don't think at the time
15 that I was at the NSC that, although perhaps during the
16 development of chronology period.

17 Q Not at any time period about that?

18 A I don't think so.

19 Q Certainly any findings signed by the President that
20 you have ever seen are the two from January, 1986.

21 A Yes.

22 Q You never heard the President signed another finding
23 in this compartment? You never heard whether the President
24 signed another finding in this compartment?

25 A No, I don't think so.

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1 Q Returning to May, 1986 and your briefing, apart
2 from the President, did Colonel North tell you that anyone
3 else from the White House knew of this activity?

4 MR. LEON: How about the Vice President?

5 THE WITNESS: I was thinking of that. I don't
6 recall, from the timeframe, whether the Vice President was
7 mentioned or not.

8 BY MR. BELNICK:

9 Q When you were briefed in May by Colonel North, did
10 he talk to you at all about the pricing of the weapons that
11 were involved in this program?

12 A I am having trouble differentiating the April-May
13 timeframe, which was my first dealing with this whole compart-
14 ment and the weapons and the pricing from a later evolution
15 where I was more substantially involved, and differentiating
16 what I knew about pricing this first time as opposed to what
17 I learned later.

18 Q Why don't you tell us what you learned about the
19 pricing and put a time on it, to the best of your ability.
20 We understand time has passed, and if you can't be precise,
21 just be approximate. Give us your best recollection.

22 A There was a multi-page listing of spare parts which
23 were the list of Hawk spare parts that the Iranian Government
24 wanted, and this was long paper with several columns of
25 information, a dozen or so parts per page down the left side

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1 and would have the name of the part, the NSNOFSN, Federal
2 stock number, the quantity of the parts desired, and the cost.

3 Q The cost to the CIA?

4 A That's where I am getting confused with the later
5 timeframe. I know that at least in the second phase that I
6 knew there were two columns, and I can't remember now
7 actual or real, real or actual. That was always a point of
8 confusion, which was which. But one was the cost that the
9 DOD was charging CIA, and the other was the higher cost that
10 was ultimately going up a very complex circuitous chain
11 en route toward the Iranians, and I don't even know if it's
12 the one the Iranians got. I doubt it. I think Ghorbanifar
13 added on the top of that, and God knows who else. But I knew
14 there were two columns for prices.

15 Q At least as of when, what was the earliest you can
16 now recall knowing there were two prices? I recognize you
17 may have learned that in May. If it wasn't May, when do you
18 trace the evolution of your knowledge?

19 A In this timeframe of being briefed into the
20 compartment, April-May, Colonel North also told me, I think
21 at that time, that part of the money was going to help the
22 contras, part of the Ayatollah's money.

23 Q Is that how he put it?

24 A Well, I can't recall the exact words, whether he
25 said the Iranian Government, the Ayatollah.

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1 Q Whether he used the money, the Ayatollah, the Iranian
2 Government, he told you part of the money Iran was paying for
3 the weapons was going to the contras?

4 A Was going to support the contras. Not necessarily
5 to the contras, but in support of the contra cause would be
6 the best way I could characterize it at this point.

7 Q Did he tell you how much was going for that purpose?

8 A I don't think so.

9 Q Did he tell you what percentage of it was going for
10 for that purpose?

11 A No.

12 Q Did he tell you how it was going to get to the
13 contras or to some place where it would be used for the
14 contras' benefit?

15 A No, not really. I will have to give some infer-
16 ential things that might be relevant on that. I knew from
17 at least the second time, prior to the Jacobsen release, that
18 the ratio between the two columns, the difference, was a
19 factor of 3.7, because --

20 Q Meaning the cost was --

21 A The higher price was 3.7 times higher.

22 Q -- than the actual cost from DOD?

23 A Actual or real, whichever.

24 Q Right.

25 A And I also knew from calls that I would receive

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1 from the CIA, as for example from [REDACTED] that they were
2 expecting the money to show up in their Swiss bank account,
3 and it wouldn't show, and so it was late, and they could call
4 up and reverify the number of their account to be passed on
5 to Colonel North or General Secord to make sure that it
6 didn't get put in the wrong account by the digits being wrong.

7 So that I knew that it was coming from some other
8 Swiss account into the CIA's Swiss account. I mean, I think
9 that is partially relevant to your question.

10 Q Do you know who was setting the price to the Iranians
11 or the price that you believed was going up the line to the
12 Iranians?

13 A Like I say, it's still very confusing to me, the
14 route and who was negotiating with whom, and I knew it was
15 common knowledge among all of us that Ghorbanifar was an
16 untrustworthy individual and that he was no doubt taking a
17 profit and putting his markup on the thing, it is a way of
18 life of arms merchants, and like I say, I don't know who else
19 might have been doing that, perhaps the Israelis in some way,
20 either through Ghorbanifar, independently, or the exact route
21 is very, is unclear to me.

22 Q Sure. But understanding that, did you have an
23 understanding of who was setting the initial markup?

24 Let me tell you what I hear from your testimony,
25 that you saw numbers indicating that the price to the

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1 Iranians so far as you knew would be at least roughly 3.7
2 times higher than the DOD price, right?

3 A Yes.

4 Q Now, it may have been that Ghorbanifar or the Israelis
5 or other merchants were then slapping additional markup on
6 top of that, right?

7 A Correct.

8 Q So, let's leave that additional layer out of it.
9 Did you have any understanding of who had set the 3.7
10 multiple?

11 A No. The way that was derived the second time was
12 in order to show consistency of markup from previous arms
13 transactions, Colonel North and I took an aggregate of a
14 previous transaction, it may have been the May transaction,
15 I am not sure now which one, but in any case, did division to
16 show what the markup in aggregate was and used that factor
17 line by line in the list that we were talking about in the
18 November timeframe, I think, or not November, but in the fall,
19 prior to November.

20 Q So that you actually worked on figuring the prices
21 for that fall-1986 shipment?

22 A Well --

23 Q Or figuring them by using this formula that you
24 have just described?

25 A I am getting confused between shipments now. It

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1 seems to me that the 240 spare parts, 239 or 236, whatever
2 we finally could fill of the approximately 239 or 240 that
3 they requested, went with the McFarlane party in May, and yet
4 I am recalling doing this multiplication to that whole
5 laundry list again after that, after they had already been
6 delivered. So something is not tracking in my recollection.
7 There was in between a new list of parts that was developed
8 over time, coming from Amiram Nir, a list of replacements or
9 substitutes or -- replacements is the best word for parts
10 that were delivered in May that didn't work when they got
11 there. They were tested by the Iranians, they said they
12 couldn't get them to work, so they wanted parts that worked.

13 The original order asked for four, a quantity of
14 four, and only three were delivered according to the Iranians,
15 so they wanted one more according to their math. So there
16 was a great deal of confusion and deliberation on putting
17 together and sorting out what we had owed them and who would
18 pay for that, and it's kind of confused in my mind at this
19 point.

20 Q We may be able to get to it on the day that we have
21 your notes, maybe it will help with your recollection,
22 but do I understand, at least without reference to which
23 shipment, that at least on one of the shipments you worked on
24 calculating the price based on differentiations that had been
25 set in prior transactions?

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1 A Correct.

2 Q Do you know, though, who was present at the creation
3 of the first differentiation, who had initially decided they
4 would pay at least, say, 3.7 times more?

5 A No.

6 Q Oliver North told you?

7 A No.

8 Q Did Ollie indicate to you who else knew that moneys^{ies}
9 from the sales would be used on behalf of the contras?

10 A I can't recall whether he specifically told me.
11 General Secord knew that, but certainly by the thing that I
12 already mentioned about the accounts, it seems to me that I
13 knew that.

14 Q How about anyone else in the government?

15 A He had told me on one occasion that he had told
16 the Director of Central Intelligence, and as I just described
17 for General Secord, I would put Admiral Poindexter in that same
18 category, that I can't specifically recall him telling me
19 that or how I knew that, but --

20 Q You felt you knew it?

21 A I just can't conceive of him not knowing from the way
22 he dealt with him. In my general understanding of the mode
23 of operation of Colonel North back briefing Admiral Poindexter
24 routinely on everything and anything, either by secure phone
25 call or cross note or memo or going over to see him personally,

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1 that he did that regularly and that was just the general,
2 my general understanding.

3 Q Do you recall when North told you that he had dis-
4 cussed the proceeds going for the contras with Director
5 Casey?

6 A The closest that I can bracket it is sometime
7 between May, when I first knew, until November, in that
8 intervening months -- sometime in there, and I am just not
9 sure when.

10 Q Aside from Casey and Admiral Poindexter, did North
11 indicate whether anyone else in the government was aware of
12 this use of proceeds from the Iranian arms sales?

13 A I don't think so, not that I can recall.

14 Q Did you learn apart from conversations with North
15 whether anyone else in the government was aware of this use of
16 proceeds?

17 A Sometime prior to, I am not sure of the date, it
18 may have been November, it may have been earlier than that,
19 in October, I was aware of a memo that either the Director
20 of Central Intelligence had sent down for Admiral Poindexter
21 or the NIO, Charlie Allen had done for the Admiral, who
22 sent it down for Poindexter, but I remember there was a memo
23 dealing with the problem of OPSEC, an operational security
24 problem, with some Canadian financiers, and Richard Furmark,
25 I believe, is the name. There was a memo laying out this

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1 potential problem --

2 I was about to say that was one of the examples.

3 I am not sure whether that had anything specifically on
4 diversion, maybe not. I may be mis-identifying that in that
5 category.

6 One other thing was on the -- date, Monday, the
7 25th of November.

8 Q November 24.

9 A The 24th, okay.

10 Colonel North showed me a memo that had a reference
11 to a diversion or to \$12 million going to help the contras.

12 Q Let me show you this document, which I will have
13 marked in a moment as Earl Exhibit 3. Does that appear to be
14 the document Colonel North showed you on November 24, '86?

15 A Yes.

16 MR. BELNICK: We will mark that as Earl Exhibit 3
17 for the record.

18 (The Document referred to was marked as Earl
19 Exhibit No. 3 for identification.)

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RELEASE OF AMERICAN HOSTAGES IN BEIRUT N 590

Background: In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

- not object to the Israeli transfer of embargoed materiel to Iran;
- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September 14³, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [REDACTED]

the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.
- A subsequent meeting would be held in Iran with senior U.S. and Iranian officials during which the U.S. hostages would be released.
- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

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In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ar1 Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted]

[redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

- By Monday, April 7, the Iranian Government will transfer \$17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of \$15 million.

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- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer \$3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.
- On Wednesday, April 9, the CIA will commence procuring \$3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [REDACTED]. This process is estimated to take seven working days.
- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at [REDACTED] and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.
- On Saturday, April 19, McFarlane, North, Teicher, Cave, [REDACTED] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [REDACTED]
- On Sunday, April 20, the following series of events will occur:
 - U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.
 - At A+7 hours, the U.S. hostages will be released in Beirut.
 - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

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-- [REDACTED] Gorbanifahr specifically mentioned that Qadhaifi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [REDACTED]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [REDACTED]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs, [REDACTED]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages. [REDACTED]

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-- The residual funds from this transaction are allocated as follows:

- \$2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.
- \$12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the \$25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted], Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____

Disapprove _____

Attachment

Tab A - U.S.-Iranian Terms of Reference

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April 4, 1986

TERMS OF REFERENCE
U.S.-Iran DialogueI. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.
- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.
- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.
- At the same time, we are prepared to resolve political problems on the basis of reciprocity.
- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLESA. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.
- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.
- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.
- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages, return of those killed (over time) is essential.

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- We see your activity in many parts of the world, including even Central America.
- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.
- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.
- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.
- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.
- Second, we have no interest in an Iraqi victory over Iran. [REDACTED]
[REDACTED] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.
- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [REDACTED]
[REDACTED] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.
- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

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SENSITIVE~~SECRET~~III. SOVIET MILITARY POSTURE

- Moscow has designs on parts of Iran. [REDACTED]
- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.
- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.
- U.S. is aware of Soviet activity [REDACTED]
- Soviet plans [REDACTED] How they would do it.
- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult (\$100 million in oil last year, plus arms).
- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.
- U.S. can provide humanitarian assistance for refugees [REDACTED]
- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

- We may be prepared to resume a limited military supply relationship.
- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.
- What does Iran want?

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1 THE WITNESS: There's one other instance, I can
2 recall, I think, an OSG meeting, but it may have been some
3 other type of meeting in Colonel North's office in which, as
4 I recall, Colonel North made a passing reference to, something
5 to the effect "Wait until it's learned the Ayatollah is fund-
6 ing the contras," or something like that, which was half in
7 gest, a little bit flippant, perhaps, but it was, it was
8 thrown out there, and I remember my reaction to it and
9 wondering what others' reaction to it would be, because I
10 wasn't sure the assembled were in the box.

11 BY MR. BELNICK:

12 Q When was this meeting?

13 A I don't know.

14 Q Was it a cover-up meeting? Do you remember who
15 else was there?

16 A I said I think it was an OSG meeting, but I am not
17 sure. It may have been some other meeting.

18 Q Who else would have been there?

19 A One representative from State, CIA, two representa-
20 tives from CIA, usually, one from FBI, one from the Office
21 of the Secretary of Defense, and one from JCS.

22 Q If it was an OSG meeting, that would have been the
23 complement of people at it.

24 A Yes.

25 Q Before I go back to who might have been there,
let me go back to try to place the date of it. Was it after

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41

1 the Tehran mission in May, 1986?

2 A I believe so. Because if it were before, it
3 wouldn't have made the same impact on me.

4 Q So it was some time before June, starting in June
5 of 1986 forward, and it was before the November disclosures?

6 A Yes, I believe so.

7 Q Can you place it any better between those two holes?

8 A No. One big blur.

9 Q Going back to who might have been there, if it was
10 an OSG meeting, were the representatives of the different
11 agencies that you have named usually the same persons?

12 A Usually, yes, although there were some substitutions
13 if individuals weren't available.

14 Q Who was usually there from JCS?

15 A General Miller.

16 Q If he wasn't? Miller?

17 A General Kelley.

18 Q Who was there usually from the Department of
19 Defense?

20 A Rich Armitage.

21 Q If he was not there? Mr. Sanchez?

22 A No. But one of the other deputies at that level.
23 Specialty in -- special operations.

24 Q You may think of it, or we will find it. How about
25 from the FBI?

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42

1 A Oliver Revell.

2 Q If he was not there?

3 A I would have to have access to my notebook, which
4 has phone lists on it. I can pick it out from there. I am
5 not recalling the name right now.

6 Q Who were ordinarily the CIA representatives?

7 A Dewey Clarridge and Charlie Allen were the two
8 primaries, and they had alternates.

9 Q Who were their alternates?

10 A Names, not one of my strong points.

11 Q Do your best.

12 A [REDACTED] would have been Charlie Allen's
13 substitute. I will come back.

14 Q Apart from what you have testified to so far, can
15 you recall any other references to the issue of, or to the --
16 yes, to the matter of the Ayatollah paying for the contras or
17 use of proceeds from the Iran transactions to support or
18 benefit the contras in some way?

19 A Not that I am recalling right now, no.

20 Q Did you ever hear any total amount that was avail-
21 able or intended to be used for new transactions to benefit
22 the contras?

23 A No.

24 Q Do you recall at the OSG meetings, was there ever
25 a representative from the State Department?

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43

1 A I am sorry, I missed that. I didn't list that?

2 Q- If you did, I didn't hear it.

3 A You are right. Normally the State Department was
4 represented, and that would have been Ambassador Robert Oakley,
5 and then he was relieved by the current Ambassador at Large,
6 and I can't remember his name. Each of them had deputies
7 who would have been substitutes in their period.

8 Q I would like you to just think for a moment, the
9 comment about "Wait until people find out the Ayatollah is
10 paying for the contras," as you think and recall the comment
11 now, how clear are you that it was an OSG meeting?

12 A I am not clear on that. That is my best guess at
13 the type of meeting that would have been in his room for the
14 remark.

15 Q Can you think of another sort of forum in which
16 he might have made a remark like that?

17 A Not really. It could have been an ad hoc meeting
18 of some group of people.

19 MR. SMILJANICH: Bremmer?

20 THE WITNESS: Yes, Bremmer.

21 BY MR. BELNICK:

22 Q Did Colonel North ever assert anything with respect
23 to whether the President knew or didn't know about diversion
24 or use of proceeds from the Iran transactions?

25 A Not prior to November --

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44

1 Q Twenty-five?

2 A Twenty-five or 26. I am not sure of the date.

3 Q You are referring to the date when Colonel North
4 was terminated on the NSC staff or when he left the NSC
5 staff? I don't want to use the term "terminated" with a
6 counter-terrorism person. When he ceased to be employed by
7 the NSC staff. Was that the day?

8 A Either that day or the next day. I can't place
9 the day precisely. It was either Tuesday or Wednesday of
10 that week.

11 Q I know we will get to it in sequence, but why
12 don't you tell us now what you are referring to?

13 A Colonel North -- well, earlier in the day, after
14 the press conference --

15 Q That was the Attorney General's press confer-
16 ence?

17 A Yes. We had been getting lots of calls for
18 Colonel North.

19 One of the calls that came in was from the
20 President, and Colonel North was not in the office, so
21 his secretary, Fawn Hall, arranged for the call to be
22 either transferred, or they gave whoever was calling for
23 the President, she gave that person the number where he
24 was so that -- well, to try and get the call transferred.

25 Q Sure.

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45

1 A So either later that night when he returned to the
2 office or the next night when he returned to the office, I
3 am not sure which of the two nights it was, prior to leaving,
4 he turned and said, I think that we must have been talking
5 about that call, because the remark that I recall was that he
6 said, and you know that the President, you know what the
7 President said, something like that, that it's important
8 that I not know, something like that. I am not quoting,
9 words to that effect.

10 Q Who else, if anybody, was present when North said
11 this to you?

12 A I think Craig Coy was also present.

13 Q Where were the three of you?

14 A We were at the top of the stairs in our office.

15 Q The top of the stairs leading to the second floor
16 of 302?

17 A Correct.

18 Q Your best recollection, then, is there were the
19 three of you there at the top of the stairwell, correct?


20 A Correct.

21 Q Do you recall anything else that North said to you
22 about his conversation with the President in that discussion?

23 A No, I don't think so, just that.

24 Q Did you say anything in response?

25 A No, I don't believe I did.



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46

1 Q Did Commander Coy?

2 A I don't think so.

3 Q What did you understand to be the antecedent of
4 the President saying, "I can't know it" or "I shouldn't know
5 it" or the words that you used?

6 A My belief or my understanding of what that meant
7 was in reference to the contra diversion.

8 Q And just what was the basis for your having that
9 understanding, Bob?

10 A I can't recall why I thought that, but it seemed
11 obvious to me at the time, if I could recall what led up to
12 that conversation or the exact words of the conversation, it
13 might be clearer. But I recall the recollection that that is
14 what I thought.

15 Q Apart from that conversation, which you have just
16 described, did Colonel North ever comment to you about the
17 President's state of knowledge regarding use of proceeds from
18 the Iran sales?

19 A I don't think so.

20 Q Did anyone else?

21 A No, I don't think so.

22 Q Have you ever seen any documents that at least on
23 their face were addressed to the President that dealt with
24 use of proceeds from the Iran arms transactions? 00696

25 A Well, the memo that you just showed me is written

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47

1 in a form that talks to briefing the President and has an
2 approved or disapproved line in the recommendation. So this
3 memo --

4 Q This memo is Earl Exhibit 3. Had you seen Earl
5 Exhibit 3 prior to Monday, November 24, 1986?

6 A I can't recall that I did. But I must have, because
7 at the time Colonel North showed it to me, I think I was
8 drawing a blank on the document, and Colonel North said,
9 "You remember, that is the one that you changed the date on."
10 There is a date that's marked out and that looks like my
11 handwriting.

12 Q The number 13 looks like your handwriting?

13 A Yes, it looks to be my handwriting.

14 Q Do you remember crossing off a date on this document
15 and writing the 13?

16 A I don't remember it.

17 MR. LEON: It might not be.

18 THE WITNESS: Sorry?

19 MR. LEON: It might not be.

20 THE WITNESS: It might not be. Off the record.

21 MR. BELNICK: Sure.

22 (Discussion off the record.)

23 MR. BELNICK: Let's go back on the record.

24 BY MR. BELNICK:

25 Q One possibility Colonel Earl has mentioned off the

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48

1 record is the possibility that he was proofreading this
2 document at some point, as you had termed, the proofreader
3 of last resort, and may have made some corrections, and you
4 pointed us to a page which bears our Bates number stamp
5 N-596, part of Earl Exhibit 3, and you have pointed to a
6 proofreading correction under the paragraph that has
7 capital B, 1, 2, 3, the paragraph beginning "second", typed
8 in is [REDACTED] et cetera,
9 and someone has put a "N" after the "A", so it reads "a
10 Iraqi victory."

11 Does that appear to be your "N", or do you
12 remember that you did that?

13 A I don't remember I did that, but it could well be
14 my handwriting, but I don't clearly recognize it as such. A
15 printed "N" is hard to ensure. But it's plausible.

16 Q In any event, Colonel North said to you, when he
17 showed this to you on November 24, you had seen it earlier?

18 A That I had made this correction, which I recall
19 that he recalled that and was surprised that I didn't.

20 Q Unfortunately, we have all become experts in some-
21 thing called system 4 dealing with numbers and codes.

22 A That is all right. They will change it. We are
23 also the poster boys for the Ophthalmology Foundation next
24 year. It has all worked out.

25 Q Did you notice this document, Earl 3, as we have it

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49

1 and as everybody has it, does not have a system number on it?
2 Correct? None that you can see? And I can tell you, there
3 is no copy that anybody has given us that has a system 4
4 number on it.

5 A I don't see one.

6 Q It also doesn't have the kind of cover sheet that
7 we are now tragically used to seeing with NSC documents. It
8 says the National Security Council, to, from, all these
9 stamps and things. Do you recall having seen -- my first
10 question is, do you recall having seen this document in a
11 form where there was a system 4 number and heading, "National
12 Security Council" addressed to somebody, from somebody, with
13 a date?

14 A No, I do not.

15 Q All right.

16 Were documents prepared in your tenure at the NSC
17 staff for use at the NSC which were outside the system
18 completely?

19 A Yes.

20 Q On what occasions did that happen?

21 A A lot. Anything that was in one of Colonel North's
22 highly comparted projects, it was in his judgment, and I
23 assume confirmed by Admiral Poindexter since he received them
24 and they are objected to, they were too sensitive for system 4,
25 there would be a non-log memo that was hand carried to

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1 Admiral Poindexter, if it were, for example, a memo going to
2 Admiral Poindexter, and there were many of those prepared.

3 Q Where were they filed? Let me ask you first, I
4 take it those documents -- and correct me if I am wrong --
5 were not sent to Jim Radzinsky for filing in the system 4
6 safes, correct?

7 A Correct.

8 Q Where were the originals then and copies of those
9 documents filed?

10 A Filing was not one of Fawn's strong suits, so it's
11 hard for me --

12 Q Where were they supposed to be filed?

13 A I am not even sure of that. There were possible
14 candidates, I think, is the best that I can come up with
15 where they might have been; one would be the chronology file
16 Fawn maintained, the office chronology or chronology of
17 North-prepared documents.

18 Another would be the functional file for that
19 particular subject on which the memo dealt. It's possible,
20 but I don't recall, there would be a so-called non-log file.

21 Q Non-log or outside the system documents also were
22 not routed at any time through the Executive Secretariat,
23 am I correct?

24 A That is correct.

25 Q Apart from this document, Earl Exhibit 3, did you

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51

1 ever see another document that described, discussed or
2 referred to any use of proceeds from the arms transactions to
3 benefit or support the contras?

4 A I have a vague recollection of something, and I am
5 not sure if it was the Tower Commission or something that I have
6 seen since November, or what, but I have a vague recollection
7 of a reference to some sort of parenthetic remark about support
8 to the contras, or something like that, on one of the
9 versions of the chronology. I don't know where I got that, ~~whether~~,
10 whether, like I say, it's from Tower or something I have read
11 in the paper or something I have heard since then, or whether
12 I knew that from having seen it in the week or two of
13 preparation of chronologies or what.

14 Q Was that week or two of chronology work all prior
15 to the Attorney General's press conference on November 25?

16 A Yes.

17 Q Did you know prior to November 25 or November 24
18 whether Bud McFarlane was aware of the use of proceeds for
19 the contras?

20 A No, I don't think I was.

21 Q You did not know one way or the other?

22 A No.

23 Q You did know, of course, though, McFarlane was
24 briefed into the compartment, you knew he had gone to Tehran.

25 A Yes.

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52

1 Q Going back to the time you were briefed in the
2 compartment, what did Colonel North tell you was Israel's
3 role?

4 A Well, Israel was a very important facilitator and --
5 gees, how can I characterize it?

6 Q Instead of --

7 A They would help with logistics.

8 Q Specifically, what were they supposed to be doing?
9 Help with logistics.

10 A They received and stored the spare parts and weapons
11 when they arrived in Tel Aviv.

12 Q They positioned them there?

13 A For subsequent transfer to Iran when authorized.

14 Q Yes.

15 A They provided a 707, unmarked 707 for the transfer,
16 flying in of the party and the parts. They provided
17 facilities --

18 Q Let me ask you this, did North or anyone ever tell
19 you one role of the Israeli transaction was to provide
20 plausible deniability to the American Government?

21 A I am not recalling that specifically. I can't
22 recall.

23 Q What did you understand from Colonel North Israel
24 was to get, if anything, for its role in this transaction or
25 these transactions?

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53

1 A Hopefully, they would get one of their hostages
2 back. They had had at least two that I recall, and maybe
3 more, military men shot down or captured on patrol, at least
4 one of whom was believed, with some degree of hope, belief,
5 that he was still alive and being held in Lebanon.

6 Q Anything else?

7 A Not specifically, just the general cooperation
8 between close allies and friends and a mutual desire to
9 deal with terrorism in the region, and hostage taking was a
10 mutually troublesome phenomenon, to say the least.

11 Q Did North tell you about anything that had occurred
12 in 1985 in this compartment when he briefed you into it?

13 A I don't think so. I knew either then or later that
14 Michael Levine had been involved in some beginning parts of
15 it, but I am not sure exactly what, and it would be hard for
16 me to differentiate what I have read now in Tower from what I
17 knew then.

18 Q Generally speaking, prior to all the disclosures
19 after November and Tower, do I understand that you did not
20 know about specific shipments that had been made in 1985
21 and what the Israelis' role had been in those and/or the
22 American Government's role? Am I correct, you did not know
23 about those things until subsequent to the disclosures?

24 A I think that is correct, yes.

25 Q He explained to you what Israel's role was in the

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54

1 compartment, logistical support and so forth. What did he
2 tell you was General Secord's role?

3 A General Secord also helped with the logistics,
4 provided pilots, for example, for the aircraft, for the
5 Israeli aircraft that flew the party into Tehran, flew the
6 weapons into Tehran, providing aircraft and crew for some of
7 the legs, getting them [REDACTED] to Tel Aviv
8 on at least one of the occasions, was involved in some way
9 with the transfer of funds that I knew from getting the calls
10 from CIA where they hadn't arrived yet.

11 During the McFarlane mission to Tehran, General
12 Secord remained behind in Tel Aviv and established a CP man
13 post, I think, in a hotel in Tel Aviv, I am not positive, I
14 think it was though, I think my notes will show the hotel
15 room number and stuff, which was an alternate means of
16 communication or backup means of communication with the
17 party in Tehran, so we just didn't have to depend on the link
18 from Tehran to CIA Headquarters and thence to the White House.
19 But we had another means of communicating with the party
20 direct from Tel Aviv.

21 Q You understood at the time that General Secord was
22 not an employee of the United States Government?

23 A Yes.

understood he wasn't with the CIA or the Defense

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55

1 A Correct.

2 Q Did you understand that he was working for the CIA
3 or the Defense Department?

4 A Well, I knew that he was working in this amorphous
5 structure that was referred to as Democracy, Inc., Democracy
6 Incorporated.

7 Q Who called it that?

8 A Colonel North, and that that structure was supportive
9 on this project and was with full knowledge of the CIA and
10 that -- so while not formally an employee of the CIA, none-
11 theless it was with their knowledge, and they provided a
12 false passport, for example, for General Secord --

13 Q The CIA did?

14 A Yes. So it's kind of a quasi middle-ground state.

15 Q If I talk about CIA proprietaries, you, of course,
16 know what I mean?

17 A Yes.

18 Q Did you understand Democracy, Inc. to be a CIA
19 proprietary?

20 A No, I don't think it was.

21 Q What did you understand it to be? Did North describe
22 it as a formal incorporated entity or something else?

23 A Well, I was never briefed into that box, so un-
24 like the Iran episode, my knowledge of that is acquired from
25 bits and pieces, just my proximity of answering phone calls

UNCLASSIFIED**~~TOP SECRET~~**

56

1 and helping where I could, not from being in a box.

2 Q From those bits and pieces of knowledge, what did
3 you conclude was the nature of Democracy, Inc?

4 A I concluded that it was a private-sector group that
5 was doing certain things that the U.S. Government could not or
6 would not do.

7 Q Did you understand this private-sector group,
8 Democracy, Inc, was making a profit or was getting compensated
9 in money for doing what it was doing?

10 A I didn't know that. But it seemed to me that they
11 had operating expenses in support of this department, this
12 operation, that I would have guessed were coming from that
13 in some way.

14 Q Let me --

15 A For example, provision of chartering a Leer Jet
16 for bringing Jacobsen back from Cyprus to ^dWalsbaken was ?
17 provided by Democracy, Inc.

18 Q Did you think that the only thing they were getting
19 was their expenses covered or that they were getting compen-
20 sated, being paid a fee, making a profit?

21 A I don't know about that. And with the same logic
22 of what I would have thought, I don't know. It doesn't
23 strike me as unreasonable that they would get a salary
24 for the employees that were doing this, so there was some
25 profit margin that was being applied for the running of this.

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57-58

1 Q Did North ever tell you whether that was so?

2 A No. I am speculating now, and perhaps I ought not
3 to do that.

4 Q I don't want you to speculate. No one else ever
5 told you what "Democracy, Inc", in quotes, was getting out
6 of it either.

7 A No.

8 Q You understood Democracy, Inc. to be Secord's
9 enterprise, whatever that was?

10 A Yes.

11 Q Did you know a man named Albert Hakim was involved
12 with Democracy, Inc.?

13 A I knew that. I think I knew then he was a business
14 partner of General Secord. I certainly recall that he was
15 with General Secord and some of the CPs that were established
16 in some of the hotels for negotiations with the Iranian
17 Government and that he would be talking to the Iranians and
18 transferring the word to us what they were saying about the
19 release of the hostages, for example.

20 Q Do you know whether General Secord had a security
21 clearance at the time? Did you ever find out whether he did
22 or didn't?

23 A I don't know.

24 Q How about Albert Hakim?

25 A I don't know.

Date	Description	Amount	Balance
1890	Jan 1		100.00
1891	Feb 1	50.00	50.00
1892	Mar 1	25.00	25.00
1893	Apr 1	10.00	15.00
1894	May 1	5.00	10.00
1895	Jun 1	2.50	7.50
1896	Jul 1	1.25	6.25
1897	Aug 1	0.62	5.63
1898	Sep 1	0.31	5.32
1899	Oct 1	0.16	5.16
1900	Nov 1	0.08	5.08
1901	Dec 1	0.04	5.04
1902	Jan 1	0.02	5.02
1903	Feb 1	0.01	5.01
1904	Mar 1	0.00	5.01
1905	Apr 1	0.00	5.01
1906	May 1	0.00	5.01
1907	Jun 1	0.00	5.01
1908	Jul 1	0.00	5.01
1909	Aug 1	0.00	5.01
1910	Sep 1	0.00	5.01
1911	Oct 1	0.00	5.01
1912	Nov 1	0.00	5.01
1913	Dec 1	0.00	5.01
1914	Jan 1	0.00	5.01
1915	Feb 1	0.00	5.01
1916	Mar 1	0.00	5.01
1917	Apr 1	0.00	5.01

UNCLASSIFIED ~~TOP SECRET~~

59

1 Q Did Hakim ever come to the OEOB while you were
2 there, to your knowledge?

3 A I don't think so. I don't think I have ever met
4 him. I talked to him on the phone.

5 Q Secord, did he ever come to the building?

6 A Yes.

7 Q How did he come in? Would he be cleared in the
8 normal way?

9 A Yes.

10 Q Did he ever talk to you about Khashoggi and his
11 role in the transaction?

12 A I don't think so. I think all of my knowledge of
13 Khashoggi is the Tower Report and post-November.

14 Q Ghorbanifar is a name you knew?

15 A Yes.

16 Q You understood him to be the Iranian intermediary?

17 A Yes.

18 Q There are other details about Iran, but since we
19 have a limited amount of time today, I would like to jump
20 to the November period. When we come back again, we will
21 do more on Iran. There were disclosures of the Iran program
22 in the foreign press at the beginning of November. Do you
23 recall that?

24 A Yes.

25 Q Then were you asked to work on, as you have alluded

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UNCLASSIFIED

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60

1 to before, the chronologies?

2 A Yes.

3 Q Who asked you to work on that?

4 A Colonel North.

5 Q What did he tell you was the project?

6 A He said that Admiral Poindexter wanted a chronology
7 prepared which would be, since everyone who worked on the
8 project only had bits and pieces of it, even Colonel North,
9 knowledge of the project did not go all the way back to the
10 beginning, to get all of the facts about the operation, the
11 project, together for use by Admiral Poindexter and the
12 President so that that would be a source document from which
13 testimony would be derived for use in briefing the Congress
14 at whatever time that was authorized.

15 It was originally done on a contingency basis,
16 that there had been no decision taken yet on when or if the
17 Congress would be briefed.

18 Q Were you told during the period of working on the
19 chronology to shade the facts in any way?

20 A No. There was never any intention for all of the
21 facts to go into the testimony, the briefings. There were
22 even brackets, suggested deletions or material that was
23 provided for use by Admiral Poindexter for his knowledge or
24 background use but was too sensitive or otherwise inappropriate
25 for use in a briefing for the Hill.

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UNCLASSIFIED**~~TOP SECRET~~**

61

1 For example, the name of one of the individuals
2 in Iran. There was never any instruction or statement
3 that I can recall that says "shade the facts" or anything
4 like that, but there's no question in my mind if we were
5 trying ultimately to create a document that would explain
6 the strengths of the Iran Initiative, if there were two
7 ways to say something, that you would choose the one that
8 emphasized the benefits the United States was getting out of
9 this rather than the one that tended to minimize those. That
10 seemed to me to be a clear driving force in the exercise.

11 Q Did you observe any effort or hear any discussions
12 whether the chronology ought to make the President look more
13 involved, less involved, more knowledgeable, less knowledge-
14 able, anything of that sort?

15 A Not that I can recall. I don't think so.

16 Q Who else worked on the chronology so far as you
17 knew?

18 A Colonel North, Lieutenant Commander Coy, General
19 Secord, George Cave, Mr. McFarlane -- when you say work on
20 it, I mean they at one time or another came in and gave some
21 input that we would then use to help correct because, as I
22 said earlier, Colonel North did not have full knowledge of
23 this.

24 Q I understand.

25 A I think also Howard Teicher.

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62

1 Q At some point in the examination, but not today,
2 we will show you various drafts we have of the chronology,
3 but we have-- I just wanted to ask you about one feature
4 of those drafts. Some of them say maximum version, and others
5 don't. So do you recall two different, shorter and longer,
6 chronologies being prepared more or less at the same time?

7 A There were so many drafts of the thing that it's
8 very confusing. But maximum draft means, to me, or meant to
9 me that was the version that had everything in it that would
10 have been for use, for reference use by Admiral Poindexter
11 or the President, or whoever needed to know all of the facts
12 of the operation from which to make judgments on how to
13 proceed and what to do.

14 Q Do I take it that you recall that one of the
15 versions of the chronology had something about the contras
16 getting the benefit of some of the proceeds from Iran?

17 A I have this vague recollection somebody talked about
18 that, I am not sure whether I saw it or whether I am here
19 reading about it or hearing somebody comment on it, but
20 somewhere I have this memory in one of the versions there was
21 some kind of cryptic reference to it, but that may just be
22 my garbled recollection of preese-garbled versions of this.

23 Q Exhibit 3.

24 A I don't know.

25 Q When the witness said this, he was referring to

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TOP SECRET

63

1 Exhibit 3. Right, Bob?

2 A Yes.

3 Q Let's go later in November. The President has a
4 press conference on a Wednesday, I believe, which was
5 November 19. Thursday is the 20th, Friday is the 21. Now,
6 that Friday is the day, just to bring you back in time, when
7 the Attorney General advises that he has been asked to take a
8 look and see what the facts are related to the Iran program.
9 Were you in the office that Friday morning?

10 A Our office?

11 Q Your office.

12 A Yes, I was.

13 Q Did you speak to Colonel North on that day?

14 A Yes.

15 Q Do you recall a conversation with him in the morning
16 with reference to, or at some point during the day with
17 reference to the Attorney General's inquiry and the matter
18 at hand?

19 A I recall a conversation, I think in the afternoon,
20 but I am not positive of that. I think -- I don't recall
21 whether I got an intercom call or whether I had seen Colonel
22 North as he came back into the office from the meeting, but
23 I recall being told to bring my Iran file to him.

24 I recall taking my file, which was a duplicate file
25 of some of the things that he had, and going down to his

~~TOP SECRET~~

64

1 office and handing it to him. And he was, I believe, in
 2 the process of going through files and pulling materials out
 3 and placing them in stacks on his desk, and I am not sure,
 4 but possibly also putting some materials in the burn bag,
 5 but that's even vaguer. That may be another memory that is
 6 mixed in now.

7 But I think he received my file, took the documents
 8 out, and I believe either handed me the file back or put
 9 that separately down on the table and added the contents
 10 of my file to the stack on his desk. This seemed to me
 11 different from any previous of my files that he had, so I
 12 asked what was going on, and he said something, and again I
 13 can't recall the exact words, but something to the effect
 14 that "It's time for North to be the scapegoat, Ollie has been
 15 designated the scapegoat", or something like that. The term
 16 "scapegoat" is what I recall.

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 end take 1B

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65

ake 1C
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1 Q Did you ask him what he meant?

2 A- I don't recall asking him what he meant, but I
3 must have. I recall that at some point there was a discussion
4 of the Department of Justice or the ^{AG}HE, or Attorney General, (?)
5 some reference to that in that way, sending some people
6 around to just take a look at the details, that -- I think
7 also in the same conversation, but again, I am not positive,
8 there was some reference to the briefings of the Congress
9 hadn't gone well, and there were discrepancies or more ques-
10 tions were raised than answered, and there was a problem of
11 some sort, oh, and that at the, I think at the end of the
12 meeting, but I am not sure, he had just come back from a
13 meeting across the street.

14 Q In the West Wing?

15 A In the West Wing of the White House. He mentioned
16 that he had asked, he had said to the Attorney General or
17 asked the Attorney General, "Can I have" or "Will I have 24
18 or 48 hours" -- he didn't say both, he said one or the other.
19 I can't recall whether he said 24 or 48, but he asked for
20 that.

21 And he told me that the Attorney General had said
22 something like that he didn't know whether he could have
23 thatmuch time, something like that. Again, I am not quoting.

24 Q Did Ollie tell you with whom he had met across the
25 street at the West Wing? I take it he mentioned the Attorney

~~TOP SECRET~~

66

1 General.

2 A I don't think he mentioned anyone else specifically.
3 I don't recall, he may have, but I don't recall.

4 Q You do recall the Attorney General?

5 A Yes. As the person that he had talked to and had
6 this remark, I think at the end, but I am not positive.

7 Q Did you understand he had just come from seeing
8 the Attorney General at the West Wing, in the West Wing?

9 A That was my understanding from the fact he had just
10 come from a meeting, from one of the usual meetings of
11 principals, I believe. I would believe Poindexter was there,
12 but I don't know that, and that -- so from what he told me,
13 it was my understanding that the Attorney General was at that
14 meeting that he had just attended.

15 Q Did he explain at all what he meant by the time
16 has arrived, whatever, for North to be the scapegoat? Did
17 he explain what he meant?

18 A No.

19 Q Did you understand him to be referring to an
20 agreement having been reached he would take the blame for
21 something? I am telling you how I interpret it.

22 A I interpreted it, I guess, similarly, that from
23 what he was obviously engaged in, that it was -- let me
24 back up for a minute.

25 Q Sure.

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1 A I have, from my own reference, categorized phase
2 one, two and three in this damage control operation from the
3 leak we started with, phase one being no comment/deny, no
4 comment, where possible, some sort of cryptic, artful truth,
5 where possible, deny it if there's no other way, but to
6 protect the compartment. This had been done in the past when
7 there had been leaks on the fringes.

8 I think there was a Jack Anderson column at some
9 point in the past, and that same policy had worked in the
10 past, and the press interest died down and went away. Phase
11 one included, though, preparation of the chronology and the
12 development of testimony for what I have since called phase
13 two, which was briefing of the Congress and ultimately the
14 people on what could be briefed to them about the compart-
15 ment, if it became necessary to go from phase one to phase
16 two.

17 Phase three is what I believed we were now in, which
18 was termination of the compartment.

19 Q And termination of the compartment, including
20 getting rid of all the documents related to the compartment?

21 A All the sensitive, all the inner boxes, not the
22 total box, that had already been briefed to the Congress, but
23 the sensitive material within the box within the box within
24 the box, however far it went.

25 Q What did you understand -- what do you mean by the

UNCLASSIFIED

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68

1 inner box? What was the sensitive material you understood
2 had to be disposed of?

3 A That was never clear to me, and I erred on the side
4 of my own sanitization of records and assuming that something
5 might be in the box or point to the box and lead to the box
6 and, therefore, ought not to be around, but included some
7 sensitive things that we can't go into right now, but
8 basically anything that would lead to possible loss of life,
9 the hostages would be killed or some of the intermediaries
10 we were dealing with in Iran might be killed from their side,
11 possible widespread killings of Americans overseas, as we had
12 had at the Pakistani Embassy being burned after the rumors
13 spread that the U.S. Government had perpetrated the seizure
14 of the mosque in Mecca back in, whatever year that was, but
15 those sorts of things.

16 Q Did you understand that anything relating to the
17 use of proceeds from Iran for the contras was also something
18 that had to be gotten rid of?

19 A Certainly. It was my belief if that came out, the
20 Ayatollah had been stung and that he was unknowingly funding
21 the contras, that seemed to me to be something that would
22 lead to the deaths of the hostages.

23 Q What was in your file that you had handed over to
24 Colonel North on that Friday, November 24?

25 A I have only been able to recall a few of the

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69

1 documents in there.

2 Q Tell us what you recall.

3 A One is what I have already talked to, the long
4 paper, several pages that had the parts list and prices on
5 it, anything associated with prices and parts.

6 Q That is the long paper list you have described
7 earlier in your testimony today?

8 A Yes. I have at least one copy of that in there.
9 Let me think now. There is a couple others -- I think the
10 operations order for the McFarlane trip and all of the material
11 associated with that, such as the contingency press guidance
12 in terms of reference, all of those sorts of things whereby
13 duplicate copy or working copy was in my file.

14 Q Were there PROF messages in your file?

15 A I don't recall. It's quite likely there were
16 relevant PROF notes on that subject that I would have filed
17 in there to be with all of the sensitive Iran stuff, but I
18 don't recall any one specifically.

19 Q We haven't discussed it yet at this deposition, but
20 when I talk about the ^KCL-43 machine, do you know what I mean?

21 A Yes.

22 Q That was a special device you had in there too, is
23 that right?

24 A Yes.

25 Q Although we haven't hit the subject yet, you

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70

1 communicated on that machine from time to time to Bob
2 Dutton and others involved with the Democracy, Inc. contra
3 operation down south, correct?

4 A As well as on the Iran project.

5 Q That you have answered. Did you have ^KAL-43
6 transcribed messages in your file that you handed over to
7 North?

8 A My answer would be the same as for the PROF list.
9 I can't recall a specific one, but it's entirely possible
10 there could have been some that were relevant. I don't
11 recall.

12 Q Did you understand what North intended to do with
13 your file documents once you gave the documents to him?

14 A It was my understanding, from all that I heard and
15 was observing, they were going to be destroyed.

16 Q Was there any shredding in progress in Suite 302
17 at that time when you brought your file down to North that
18 you observed, any shredding that you observed?

19 A I don't think so.

20 Q Who else was in the suite at that time?

21 A The suite or the office, Ollie's office?

22 Q Let's start with Ollie's office. I understood
23 that was you and Ollie. Is that correct?

24 A Correct.

25 Q Was Fawn Hall at work at that time? The best you

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71

1 can remember.

2 A I would assume so, but I don't recall.

3 Q How about Barbara Brown? You don't specifically
4 recall?

5 A No.

6 Q How about Coy, was he at work? You don't specificall-
7 ly recall?

8 A No.

9 Q All right. Tell us what happened, continuing on
10 this same day after you handed your files over to North.
11 Did he tell you to do anything more?

12 A Basically, the conversation ended.

13 Q What did you do?

14 A I went back upstairs to my office and started to
15 review my files to see if there were any other things
16 besides the document or file that I had just handed to Colonel
17 North that would either compromise that which I believe was
18 being destroyed or lead to that, point to that, and, like I
19 say, it is a little unclear to me what exactly to look for, so
20 I erred on the side of destruction.

21 Q Did you find documents at that time?

22 A Yes.

23 Q What did you do with them?

24 A I either ripped them up and put them in my burn
25 bag or if -- I know on at least one occasion I shredded some

UNCLASSIFIED

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72

1 documents. I don't know if it was that day. It was probably
2 that day.

3 Q Did you have a shredder upstairs, or was the only
4 shredder on the first floor?

5 A The only shredder was downstairs.

6 Q Do you recall seeing any shredding in process that
7 day on the first floor in which North and/or Fawn Hall were
8 involved?

9 A The only recollection that I have is, I have an
10 image of Fawn standing in front of the shredder with a pile
11 of documents. That's the only one I specifically have.

12 Q Was there a day during this period when you remember
13 handing her documents to shred or being given documents to
14 hand to Fawn Hall to shred?

15 A I am not sure it was this timeframe or a merger of
16 an earlier memory months before that has migrated into the
17 same timeframe of I think Colonel North going through some
18 documents, and I was on the way out of the office, handing
19 me the documents and saying, "Would you stick those in the
20 shredder for me on the way out?" But I don't know for sure
21 that it was in this timeframe.

22 Q Do you know whether any documents were altered on
23 Friday, November 21?

24 A No.

25 Q Do you know whether any documents were altered on

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73

1 any day prior to that day?

2 A No.

3 Q How about any day after that day?

4 A No.

5 Q If they were, you weren't involved in it, is that
6 correct?

7 A Correct.

8 Q Do you know on the 21, when the file disposition
9 was in progress, that the Attorney General was planning to
10 come in by the next day?

11 A No.

12 Q But --

13 A On Friday?

14 Q Yes.

15 A I knew the request, if you will, and I don't
16 recall whether it was 24 or 48 hours, but there was a sense
17 of urgency about that, not knowing how much time was avail-
18 able. At some point later in the day, I got a call from
19 Paul Thompson, who advised me that some team or other, some
20 people from the Justice Department, would be coming over some-
21 time on the weekend, and it was unspecified when, but he was
22 just alerting us we had to be available on call to come in
23 and open up the office whenever this might occur.

24 Q But even earlier, before that call from Thompson,
25 you understood from North's comment to you that sometime very

UNCLASSIFIED TOP SECRET

74

1 soon the Attorney General's people were planning to come over?

2 A Yes. It was unclear whether it was going to be
3 Saturday, Sunday, Monday, or exactly when.

4 Q You understood that by the time you started
5 disposing of the files?

6 A Yes.

7 Q Anything more on Friday?

8 A Not that I can recall at the moment.

9 Q When you left the office Friday, do you recall
10 whether Colonel North and Fawn Hall still were there?

11 A I think when I left the office, that only Colonel
12 North was there, but I am not positive of that.

13 Q The next morning is Saturday, November 22. Did
14 you go to work that morning?

15 A I got a call from, I believe, White House Signal,
16 but I am not sure now whether it was Paul Thompson calling
17 me or whether a message was relayed through the White House
18 Signal, but somebody called me to say "Come and open up the
19 office," that Colonel North wasn't available, couldn't be
20 found. So I went in and opened up the office.

21 Q Just let me ask you. Back on the 21st -- do you know
22 Tom Green?

23 A Yes.

24 Q Did he come to Suite 302 on Friday, the 21st, before
25 you left?

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75

1 A Not that I recall. He may have, but that I recall.

2 Q. Now we are back on Saturday morning. You get a
3 contact from White House Signal, et cetera. Do you go to
4 302 and open up?

5 A I recall driving through the gate and parking on
6 the street between OEOB and the West Wing. I wasn't sure
7 whether I ought to go up to Paul Thompson's office or over
8 to Paul's office. I recall considering that, but I don't
9 recall what my solution to the dilemma was. I went to one
10 of the two places first. I do recall I did eventually,
11 either directly or secondly, go to the office and open it up.

12 Q You were the first guy to arrive at 302 that
13 morning?

14 A Yes.

15 Q Now, do you remember, were files laid out when you
16 opened the office up?

17 A This is another one that I cannot recall, whether
18 the circular table in front of Colonel North's desk had files
19 on it at that point when I got there or whether it was empty
20 and I added all the files for them to review.

21 Q In any event, the table you are referring to --
22 which I imagine you are going to tell me, the AG representa-
23 tives reviewed documents, right?

24 A Yes.

25 Q That on Exhibit 2 is the table marked "conference

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76

1 table" in North's office, right?

2 A - Correct.

3 Q Okay. Did the Attorney General's people arrive
4 next or someone before them?

5 A At some point, I am not sure exactly how much later,
6 but I think what happened next was that Paul Thompson brought
7 over two representatives from the Department of Justice,
8 Bradford Reynolds, and I think his name is John Richardson,
9 introduced me, said they were there to look at files on the
10 Iran project, and then I think Paul Thompson left.

11 Q And Richardson and Reynolds started their review?

12 A Correct.

13 Q Do you recall their asking you for any specific
14 documents, files?

15 A I recall that they asked for more documents, or
16 maybe all of them. If the table was empty, they asked for
17 all the documents; if the table had some of them arranged,
18 they asked for more. I recall going behind Colonel North's
19 desk into this credenza and going thorough files in his
20 credenza pulling them out and looking at the subject title
21 to see if they were relevant and putting some of them that
22 were I believe relevant onto the table for their review.

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77

1 So I looked through all those documents behind Colonel North's
2 desk, I couldn't find them. I will go into that more if you
3 want. They were subsequently found.

4 Q Where did you find them?

5 A I didn't find them, Colonel North found them. When
6 he came in, I told him of their request for them.

7 Q Now, Richardson and Reynolds were in Colonel North's
8 office, you were in there with them?

9 A Initially, I was in there looking for the files in
10 the credenza, and I also from his desk placed a call to him to
11 let him know that I was in his office and the people were
12 there, and to see if he had gotten the call and was en route,
13 and he had said, yes, he had gotten the call, and he would be
14 there in a while. I am not sure exactly how much later, an
15 hour, or maybe two hours later.

16 Q That was the substance of your conversation with
17 him?

18 A Yes.

19 Q He arrived next at 302. Was he the next person to
20 come in?

21 A No.

22 Q Who came next?

23 A The next thing that happened is that they left to
24 go to lunch with the Attorney General. On their way out,
25 in the passageway, they ran into Colonel North coming in.

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78

1 They had a brief conversation in the hallway, and then Colonel
2 North came into the office.

3 Q Did you overhear their conversation?

4 A No. I observed it, I was on my way out and saw
5 them down there talking to Colonel North. So I never got out
6 of the office when Colonel North arrived.

7 Q North came into the office?

8 A I told him of the request of the team [REDACTED]

9 [REDACTED] He said he didn't know where they were
10 filed and started looking around, and apparently found them.
11 I am not sure that he found them while I was still there or
12 while I was on the same floor with him. My recollection is
13 when Richardson and Brad Reynolds returned, there was a file,
14 an empty file folder on the desk that had not been there
15 before that Bradford Reynolds held up and said, "Now, that is
16 very sensitive," because it was empty, and I couldn't explain
17 why it was sensitive.

18 Q We get protection of documents like that from the
19 White House all the time.

20 A Colonel North was out of the office at that time.
21 When he returned, he explained they had been filed in one of
22 these files over here.

23 Q In front of Barbara Brown's desk?

24 A Yes, and had taken them and put them with [REDACTED]
25 [REDACTED]

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79

1 Q Before the AG team came back, did you and North have
2 any conversation apart from talking about [REDACTED]

3 A Not that I can recall the substance of, although
4 there were a couple little parts that I recall before the AG's
5 teams -- before they returned.

6 Colonel North continued to review documents, and I
7 think found others that were suitable for the category that
8 we had been looking for the day before.

9 Q Termination?

10 A Termination.

11 MR. LEON: Where was he looking for those, among
12 the files they had just reviewed?

13 THE WITNESS: I don't think so, but I am not posi-
14 tive. I think it was other files back on his desk. I am
15 not sure where -- oh, and one of the things he told me when
16 he first came in was that the shredder had broken the night
17 before, because I reached up to turn it on, and sure enough,
18 it wasn't working. Then when he was compiling material --

19 BY MR. BELNICK:

20 Q Can I stop you there for a second, Bob? Was the
21 shredder bag full?

22 A I don't recall.

23 Q Was the machine the kind of machine you could see
24 the bag, or would you have to open it? Was the bag visible?

25 A I think it was.

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80

1 Q It didn't work. Did he ask you to find a working
2 shredder?

3 A He didn't ask me. I intuited it from what he was
4 doing. I told him I was going across the hall to CMC where
5 I knew they had a shredder and see if we could get in there.
6 The door was locked, so I couldn't get in. And at some
7 point -- the recollection that I had, rather than speculate
8 how we get to it, is of Colonel North with a file and a
9 stack of documents that I knew from all of this were to be
10 shredded, had Paul Thompson standing beside him and in some
11 way a reference to going over to the sift room with a hefting
12 of the documents -- I am not exactly sure what, but I knew
13 what he meant, and I don't know what Thompson knew or
14 inferred from that.

15 Q Did Ollie have the documents he was carrying in
16 folders?

17 A I think it was one folder with a bunch of papers in
18 them, but I am not sure.

19 Q Do you know what kinds of papers they were? You
20 say they were the kind that qualified for the Termination
21 Department. Do you remember -- what were they, PROF messages,
22 something else?

23 A I don't know.

24 MR. LEON: This kind of folder?

25 MR. BELNICK: The record can't see that.

1A 2A 3A 4A 5A 6A 7A 8A 9A 10A 11A 12A 13A 14A 15A 16A 17A 18A 19A 20A 21A 22A 23A 24A 25A

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81

1 MR. LEON: Accordion-type folder.

2 THE WITNESS: I don't recall whether it was
3 accordion or the kind that doesn't have sides on it, just a
4 manila folder open. It could have been either.

5 BY MR. BELNICK:

6 Q Did Colonel North and Thompson walk toward the West
7 Wing together?

8 A I am not sure. I think they did.

9 Q In any event, they weren't there when the AG team
10 returned?

11 A That is right. I was alone.

12 Q The AG team came back, said hello, and they started
13 to do that good work again?

14 A And asked about the new folder without any documents
15 in it.

16 Q Other than that, it was the same as the morning
17 had been, more exciting review?

18 A At some point, Colonel North came back. I don't
19 know which one it was, Reynolds or Richardson, told Colonel
20 North the Attorney General would like to speak to him. So
21 Colonel North called the Attorney General.

22 Q In his office, from his office?

23 A Yes. He was sitting back there talking to him. I
24 believe it was to him. He called him sir, and were arranging
25 for a meeting the next day. What I heard from Colonel North's

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82

1 end of the conversation is that he wanted to take his family
2 to church in the morning. I think they settled on a time in
3 the afternoon. I don't recall the time.

4 Q Did anything else happen that you recall before
5 you left the office, apart from the AG people continuing
6 their review, anything said, anything that you heard or saw?

7 A Not that I can recall right now. I don't think so.

8 Q Were the Attorney General's representatives, as
9 you observed them, dead-pan as they observed the documents?
10 Did they show happiness, glee, tears from what you saw?

11 A No.

12 Q Did they leave before anyone else?

13 A Yes.

14 Q About what time?

15 A Mid afternoon.

16 Q North and the AG were there when you left?

17 A Yes.

18 Q Did you speak to North again before Monday?

19 A No.

20 Q Did you speak to anyone about this subject matter
21 before Monday, from the time you left the office on Saturday?

22 A No, I don't think so.

23 Q So the next day when something happens, if I am
24 correct, that involves this matter and you is Monday,
25 November 24?

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83

1 A I believe so, yes.

2 Q. You go to work, 302?

3 A Right.

4 Q And what happens?

5 A I am not sure when Colonel North came in. I think,
6 for whatever reason, he was a little later than normal that
7 day. In any case, when I first saw him in his office, I
8 asked him how it went yesterday, the day before, with the
9 Attorney General. And he said that they had talked about this
10 document and directed my --

11 Q You are pointing to Exhibit 3 when you say "this
12 document"?

13 A Yes. He pointed out to me the paragraph --

14 Q With the "N" --

15 A No, the 12 million.

16 Q That is on N-594, correct?

17 A Yes.

18 Q He was holding this document.

19 A Well, I am not sure whether he handed it to me
20 folded back or whether he handed it to me -- I started to
21 page through it.

22 Q He gave you the document?

23 A Yes. So that I saw this paragraph.

24 Q The paragraph which begins "\$12 million will be
25 used to purchase critically needed supplies for the Nicaraguan

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84

1 Democratic Resistance forces", et cetera?

2 A Yes.

3 Q What did he say when he directed your attention to
4 that paragraph?

5 A Again, my memory is only little bits and pieces of
6 this thing. At some point, he talked about parts of his
7 meeting with the Attorney General the day before, which I
8 remember that there were more than the Attorney General
9 present, there were several people present. He also mentioned
10 at least one of them was an FBI agent, although I don't know
11 how he knew that or why. They had talked for, I think, a
12 couple of hours, and at the end that they had shown this
13 document to him and asked him about it and that when he had
14 acknowledged this paragraph in question that there was a
15 sigh from the assembled people.

16 Q What do you mean when he had acknowledged it?

17 A That he had started talking about it or telling
18 them about it.

19 Q Did he indicate to you how it happened that this
20 document hadn't been destroyed?

21 A No.

22 Q Did he say in words or in substance that he had
23 missed this one?

24 A I don't know whether he said that or not.

25 Q Do you have any recollection of that?

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85

1 A No, I don't. I mean, that was my inference from
2 the situation, but I don't recall it being said.

3 Q Do you have any recollection of whether he said he
4 had made a comment to the Attorney General about his Miranda
5 warnings or his rights?

6 A Yes. He said at the end -- when they talked
7 apparently some detail more about this episode, Colonel
8 North apparently turned to the group or to the Attorney
9 General and said something, again I am not quoting exactly,
10 but just the thrust of it was since you didn't warn me of my
11 rights or because -- well, I am not sure of his words. I
12 will just say since you didn't mention my rights or warn me
13 of my rights, does this count?

14 A Now, your conversation with North, the one that you
15 have just been describing where he shows you the document
16 and tells you about his discussion with the AG people on
17 Sunday, anything more? Did he tell you what was going to
18 happen, did he ask you to do something?

19 A Not that I can recall, no. He seemed to me un-
20 clear what was going to happen.

21 Q Did he appear agitated or upset?

22 A No.

23 Q Did he ask you to take any action of any kind?

24 A Not that I can recall.

25 Q Did anything else happen that day that you recall

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86

1 that relates to this matter we are discussing?

2 A This is Monday.

3 Q This is Monday, the 24th.

4 A Not that I am recalling right now. I might
5 remember something later.

6 Q We are getting near the end of my allotted time for
7 today, and I would like to finish up if we can this week.
8 November 25, that is the day of the Attorney General's press
9 conference. Did you go to work that day?

10 A Yes.

11 Q And did you have any conversations with North before
12 the press conference that you remember?

13 A Let's see -- well, again -- let me give you the
14 pieces I can recall.

15 Q Give me your memory of the day.

16 A There was discussion of a press conference coming
17 up, the time wasn't certain. I think it was first scheduled
18 for 11:00 and slipped to 12:00, and from 12:00 it was delayed.
19 We knew there was going to be a press conference. I knew
20 prior to the press conference Colonel North had submitted
21 his resignation on a PROF note to Admiral Poindexter, and
22 prior to the press conference Admiral Poindexter's resigna-
23 tion came through on a PROF note to all of the NSC staff --

24 Q You watched --

25 A I think on either that morning or the morning

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87

1 before Monday, and I am not sure which, Monday or Tuesday
2 morning, Colonel North called both Lieutenant Commander Coy
3 and me into his office to say that from now on that we would
4 be dealing with the, really the compartment, the Iran
5 hostage project, Lieutenant Commander Coy and I would no
6 longer be working it.

7 Q You watched the press conference?

8 A I didn't catch the beginning of it. I had occasion
9 to -- I wasn't going to sit there and wait for it to come on,
10 so I was in my office doing work and had occasion to go down-
11 stairs and was surprised everyone in Colonel North's office
12 was watching the press conference. Nobody had given me a
13 yell. I am not sure when I came in on that. I think I
14 missed all of the President's part of it, but I may have
15 caught the tail end, I am not sure.

16 In any case, I go in and watch some of the press
17 conference, and at some point, the buzzer sounds outside,
18 indicating someone wanting to get in, and Tom Green arrives,
19 comes in, and Colonel North asks if he could have some time
20 with Tom Green. And so all of the rest of us who were
21 watching the press conference leave Colonel North's office,
22 and I think most of us went upstairs, although I am not sure
23 everyone made it, the phone may have been ringing, and some-
24 one may have answered the phone and came up later and left.

25 Q Upstairs there was another television?

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89

1 Colonel North at the top of the stairs?

2 A - It's either that day or the next day, I am not sure
3 which. I think on both days Colonel North was, at least for
4 the afternoon of that day and certainly the next day, was gone
5 from the office most of the day. For example, on Tuesday
6 morning, he came in and left, I think, to go to Tom Green's
7 office and then came back at night. So it's one of the two
8 nights he came back to pick up his briefcase and things prior
9 to going home.

10 Q Apart from the conversation concerning the
11 President's call, which may have taken place on the 24th,
12 leaving that aside, is there anything else that you are about
13 that day that pertains to what we are talking about here?

14 A I am sorry, which day?

15 Q The day of the press conference, the 25th. I am
16 sorry, I may have said the 24th, I mean the 25th.

17 A The NSC security changed the combination on the
18 office. If you want to know more about that --

19 (Witness conferring with his counsel.)

20 THE WITNESS: I am not sure of the day again,
21 either that day or the next day, Fawn Hall came up into my
22 office with some documents and asked if I would take them
23 out.

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24 BY MR. BELNICK:

25 Q Tell us about that. This is either on November 25

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90

1 or November 26, right?

2 A Correct.

3 Q Tell us everything you recall about that event.

4 A She came into my office, had some documents, asked
5 if I would take them out. I took them, and I think I folded
6 them and put them in my suit coat, which was hanging up on
7 the wall, and she left. Sometime ^{after} after she came back and
8 said that she couldn't have me do that or she didn't want me
9 to do that, she asked for them back, so I handed them back
10 to her or went over to my suit coat, took them out, handed
11 them to her, and she proceeded to begin to conceal them
12 on her person.

13 Q Where were the two of you? In your office?

14 A In my office.

15 Q Upstairs in 302?

16 A Right. In front of my desk.

17 So with her doing that, I walked out so as not to
18 be present while she --

19 Q I understand.

20 Then did she ask you to see if you could see any
21 of the documents?

22 A Yes. She asked if I could see anything. I think
23 she did a turn, and I couldn't see anything.

24 Q And then what happened?

25 A She left my office and ultimately left the suite.

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1 I am not sure whether it was direct or an intervening period.

2 I think she left before I did.

3 Q Did you look at what the documents were when she
4 handed them to you?

5 A No.

6 Q Could you tell whether they were PROF notes or
7 what they were?

8 A No, I don't recall what they were.

9 Q Did she tell you why she wanted them out of the
10 office?

11 A No.

12 Q Did you have any understanding why she wanted them
13 out?

14 A My understanding was that that was the only way
15 she could get them out. One of us would have to carry them
16 out.

17 Q Did she tell you whether she had been asked by
18 North to get them out of the office?

19 A I don't recall that she did, no.

20 Q Has she ever told you why she wanted those documents
21 out of the office?

22 A No.

23 Q Has anyone ever told you that?

24 A No.

25 Q In any event, as far as you know, she took them out

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92

1 of the office?

2 A- As far as I know, she did. I do not know that she
3 did.

4 Q Did North show up at the office during this period,
5 during the day that this was occurring?

6 A The two nights in question are confused to me, and
7 I can't differentiate either one. But I think I have a
8 recollection that at least one one of those nights the two
9 of them walked out together, but I am not positive of that.

10 Q Was it a night when she had the documents secreted
11 on her?

12 A I don't know. It could have been the other night or
13 the same night. I don't know.

14 Q Was she very agitated when she came to you with
15 the documents?

16 A Yes.

17 Q Did she say anything to you aside from "Take these
18 and get them out of here"?

19 A She may have, but I don't recall.

20 Q And you didn't look at the documents?

21 A No, I did not.

22 Q How many documents would you say there were?

23 A I don't know. I would guess half a dozen.

24 Q Six?

25 A Yes.

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93

1 Q Where were we?

2 A The number of documents, and I don't know the
3 number, my guess would be about six, but that's a very rough
4 guess. It could be quite a few more, but maybe only two or
5 three. I just don't recall.

6 Q In any event, the way it ended, as far as you
7 remember today, is that she left your room with the documents
8 on her?

9 A Yes.

10 Q And at some point left Suite 302?

11 A Yes.

12 Q Did she ever tell you any time whether she had
13 delivered those documents to North?

14 A I don't think so. I had heard that, but I think my
15 hearing of that is since November. Whether it's the press
16 or -- what you are saying is not unfamiliar to me, but I don't
17 think it's from the period we are talking about. I think it's
18 subsequent knowledge.

19 Q Subsequent to, using a term we have adopted,
20 North ceasing to be employed at the NSC staff, did he ask
21 you to take any documents out for him or to terminate any
22 other documents?

23 A No.

24 Q Did you and Fawn Hall have a conversation subsequent
25 to the event you have just described involving the removal

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94

1 of the documents in which you agreed not to discuss what had
2 happened with anybody?

3 A We had -- one of the nights -- let's see, what night
4 was that? Friday -- walked out together, and our cars were
5 parked in the same garage, and we had a conversation in the
6 garage that I have repressed almost totally. I cannot recall
7 almost anything from that conversation. I can recall at the
8 end of the conversation wondering whether I had crossed the
9 line that I perhaps shouldn't have or whether in her agitation
10 she had misinterpreted what I said, and I was worried -- I
11 asked her if you get a question, did you prepare your testimony
12 or did anybody help you with your testimony or your statement
13 as to that, I asked her that, and she said no, that she didn't
14 know what the answer to that was, and so I said no.

15 Q That would be an outstanding answer. Does any-
16 thing else about that conversation creep back in now?

17 A I recall her being very agitated and excited, and I
18 recall that I was worried about her, her emotional state,
19 and I was trying to console her and to help her and to get
20 her back in control. But we were both concerned about every-
21 thing that had happened.

22 Q Sure.

23 A And what we were going to do and knowing that we
24 had interviews coming up and not knowing what could be shared
25 and shouldn't be.

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95

1 Q When is the last time you have spoken to Ollie
2 about these matters?

3 A About these matters?

4 Q I know you see him from time to time, I would
5 imagine, at Marine Headquarters. I am not interested in your
6 considerations unless they pertain to this.

7 A No.

8 Q When is the last time you spoke to him about any
9 of these matters?

10 A I think -- I don't think Colonel North was there
11 on Friday.

12 Q That is the day after Thanksgiving.

13 A The day after Thanksgiving.

14 Q How about over that weekend?

15 A I don't think so. I think the last time that I am
16 recalling right now was the day before Thanksgiving, which
17 was the Wednesday.

18 Q When you had the conversation -- when you may have
19 had the conversation at the top of the stairs?

20 A If that was the day, but he certainly came back
21 that night. So if that wasn't the night, even if the conversa-
22 tion at the top of the stairs was the night before, I would
23 have seen him on Tuesday.

24 Q Tuesday or Wednesday?

25 A Sorry. If it was Tuesday, the conversation at the

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96

1 top of the stairs, I still would have seen him on Wednesday.

2 Q The day before Thanksgiving, 1986?

3 A Correct.

4 Q That, as you recall it, was the last time you spoke
5 to him about any of the matters we have been discussing
6 today?

7 A Yes.

8 Q Let me ask you one other question, because I know
9 you have to go, and you have been very patient. Do you
10 remember there was a restricted interagency group on Central
11 America that Elliott Abrams chaired?

12 A Yes.

13 Q Did you attend meetings of that group from time to
14 time?

15 A There were several groups, and I am not sure as to
16 the nomenclature which was a RIG, which was a SIG.

17 Q Which was a IG --

18 A Which was an IG. I know I was not allowed to
19 attend one of the meetings when I tried to go in Colonel
20 North's place. I had called General Abrams' office to see if
21 it was acceptable for me to be a substitute, he was not able
22 to return my call. I went down to the situation room to
23 fill in, if that was advisable, for Colonel North, which I
24 tried to do on anything that he was doing, and was told by
25 Elliott Abrams no substitutes.

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97

1 Q Principals only?

2 A Principals only. So I left.

3 Q Did he tell you also or did someone tell you on
4 that occasion they were going to discuss that "sensitive
5 subject"?

6 A I heard that. That's ringing a bell, but I am not
7 sure who said it or what.

8 Q Did you understand what the subject was?

9 A No.

10 Q Do you remember a meeting of IG, RIG, SIG, of
11 some alphabetical thing that rhymes with IG, on Monday,
12 November 24, the day that North told you about his conversa-
13 tion with the Attorney General?

14 A Yes, there was one, whatever group it was, in
15 Colonel North's office, and I recall Elliott Abrams coming
16 to that meeting. I did not attend the meeting.

17 Q You don't know what the discussion was at that
18 meeting?

19 A No.

20 MR. EGGLESTON: I will just take a second.

21 BY MR. EGGLESTON:

22 Q This pricing sheet that you told us about, did you
23 work with anyone at the Central Intelligence Agency on the
24 pricing issue during the summer of 1986?

25 A After the May shipment.

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98

1 Q You had said that you thought even after the ship-
2 ment, you continued to have dealings and --

3 A There was a meeting after the Tehran trip and the
4 transfer of that package, I have forgotten the number now,
5 240. Basically, the 240. I recall meeting at CIA Headquarters
6 sometime after that, which would have lead up to the Jacobsen
7 release, at which a pricing was a subject, and we even had a
8 calculator, and so I was doing some math at that meeting,
9 yes.

10 Q Did your sheets which showed the price differential
11 between the CIA, DOD price and the Iranian price, or at least
12 the 3.7 differentiation you have talked about, were those
13 used during the course of the meeting?

14 A I think, I am not sure, but I think I had my
15 copies of that, but those would not have been on the table
16 as a discussion item for all assembled. It's my recollection,
17 not being sure who all was in the inner boxes in that meeting,
18 and I think, for example, Nir was not to know some of the
19 details of that particular calculation.

20 So, no, it was not used generally by this group.
21 It was dealing with logistics matters and including in part
22 the pricing.

23 Q Do you know anyone at the CIA who was within that
24 inner box on the pricing?

25 A No, I do not.

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99

1 BY MR. BELNICK:

2 Q One other quick thing, then we will pick a day.

3 Do you recall attending a meeting on August 12, 1986, in
4 Don Gregg's office, Burkhardt was present, Ambassador Coor,
5 William Walker from the State Department --

6 A Yes.

7 Q Can you just tell us everything that you recall about
8 that meeting?9 A It was a meeting -- and I am not sure who initiated
10 it, whether it was Ambassador Coor or Don Gregg, but it seemed
11 to be a follow-up meeting to a meeting several days before
12 that Don Gregg had with Felix Rodriguez, in which he asked
13 me to come down to hear what Felix had to say, since Colonel
14 North was out of the building or out of the country, not
15 available, and that meeting discussed the problem, if you will,
16 I think, that was raised by Felix Rodriguez, which concerned
17 the interim period between when the support that was current-
18 ly being provided by various means and the transition to when
19 the CIA would begin their support, and some problem with the
20 aircraft that were down there in the current scenario and
21 misunderstanding between [REDACTED] on the one side
22 and others as to who owned the aircraft, whether they belonged
23 to the contras or whether they were merely in support of the
24 contras and what would happen to those aircraft once the CIA
25 support began. UNCLASSIFIED

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100

1 Q Did Gregg mention any other complaints by Rodriguez
2 at that August 12 meeting that you attended, or concerns,
3 complaints?

4 Let me be more narrow, because we are at that time.
5 Specifically, did Gregg mention that Rodriguez was concerned
6 about the guys who were involved in the support operation for
7 the contras, that those people included Tom Clines and others
8 who had been associated with Wilson Temple and were a bad
9 bunch? Did Gregg mention that?

10 A That was mentioned in one of the two meetings.

11 Q You were at the meeting with Gregg and Rodriguez?

12 A Yes. I thought I said that.

13 Q I am talking about the 12. Was it mentioned at
14 the 12?

15 A I think so, but I am not positive, and the reason
16 I think so was the CIA representative, and I know --

17 A 

18 A Yes. Expressed some problems with the Cuban-
19 American community in that interface and that there were bad
20 characters in certain parts of this that were on the fringes
21 in supporting the contras and that this was a problem, that
22 there were bad characters on the fringes.

23 Q Let's go back to the meeting that was four days
24 earlier, on the 8th, when Gregg asked you to come down and
25 hear Rodriguez's complaints. You knew at that time that

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101

1 Rodriguez was in touch with North on various matters relating
2 to contra support.

3 A I knew from I think the day before, or two days
4 before, whenever Colonel North left, just prior to when that
5 meeting was going to be held, he knew that there was, that
6 Felix Rodriguez was coming into town and that Don Gregg
7 wanted him, Colonel North, to see him together, I think, I am
8 not positive of this. In any case, there was an occasion
9 that the name Felix Rodriguez/Max Gomez was raised in that
10 I think I knew I was going to have to sit in for Ollie at
11 that meeting.

12 So I asked who the hell is Felix Rodriguez? And he
13 gave me a little bit of background.

14 Q This is Ollie?

15 A Colonel North, yes. About his Vietnam background
16 and that. I think something about having insinuated himself
17 into this support mechanism between the support mechanism to
18 the contras and [REDACTED] but that he wasn't
19 officially in there, and he was causing problems, something
20 like that.

21 Q Did you understand the support mechanism to be
22 part of Democracy, Inc.?

23 A Yes.

24 Q And did Ollie tell you that he had worked to some
25 extent with Max Gomez/Felix on this support operation? You

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102

1 knew Ollie was working with Democracy, Inc. on the operation?

2 A Yes.

3 Q Did Ollie tell you that he had been giving instruc-
4 tions to Rodriguez?

5 A I don't think so. I think it was merely this
6 reference that Rodriguez had insinuated himself into the
7 organization and was giving rudder orders, and it was not his
8 place to do so.

9 Q But Gregg had wanted North to be in on the meeting
10 with him and Rodriguez, correct?

11 A Yes.

12 Q North couldn't be there, so he sent you?

13 A Yes.

14 Q You went?

15 A Yes.

16 Q There were the three of you there, Gregg, Rodriguez
17 and you?

18 A I am not sure if Sam Watson sat in on that or not.

19 Q Sam Watson was the Vice President's aid also?

20 A He worked for Don Gregg.

21 Q He may have been there, you don't recall?

22 A He may have been there, or he may have been at the
23 other one.

24 Q August 12?

25 A Yes.

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103

1 Q First of all, what did Rodriguez say to Don Gregg,
2 or Watson, if he was there, or you about his relations with
3 North on contra support?

4 A I am not recalling anything specific.

5 Q Tell me what you recall about the conversation
6 generally.

7 A When we have my notes, it will be better.

8 MR. KIRK: Off the record.

9 (Discussion off the record.)

10 BY MR. BELNICK:

11 Q We don't have the notes of their part of the group
12 at the White House, and, Dennis, I don't know if what you
13 said was on the record, but it is certainly correct, and
14 I will put it on the record, that Colonel Earl does have
15 detailed notes. We don't have the notes here to benefit us
16 or him, and that you have told me that those notes are
17 detailed, and they may very well be detailed on these meetings
18 in August.

19 So what he is giving us today is subject to correc-
20 tion with those notes. The most you can do is tell us what
21 you recall. If anything changes when you see the notes, that
22 is fine, and it will be perfectly understandable. So with
23 that preface, if that is acceptable to you, Dennis, just tell
24 us, and then we will get you out of this hot room, what you
25 recall about the meeting with Gregg and Rodriguez and perhaps

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104

1 Watson on August 8, 1986.

2 A. Rodriguez was relaying his version of the problem
3 that had arisen, there was some problem between [REDACTED]
4 [REDACTED] and Democracy, Inc., the people providing the
5 air support to the contras. Rodriguez released it was
6 [REDACTED] understanding the aircraft belonged to the
7 contras, whereas they, [REDACTED] and I think the
8 contras were being told by the Democracy, Inc. people when
9 their operation terminated, they would be taking the air-
10 craft.

11 So there was mutual escalation of threats and
12 counter-threats between these two parties, and Felix was
13 asserting that one of his, one of [REDACTED]
14 would have to accompany every flight to make sure they came
15 back [REDACTED] so they didn't fly off and never return or
16 that fees would be charged landing rights for every takeoff
17 and landing. There was a mess.

18 There was a charge of air piracy being pursued by
19 Democracy, Inc. because Felix Rodriguez had appropriated a
20 Democracy aircraft, unauthorized through the mayor of Miami,
21 to a meeting in [REDACTED] I am not sure. Let's
22 hope my notes can sort it out a little better. That is what
23 I recall.

24 Q When Felix was saying the Democracy, Inc. was
25 asserting the plane belonged to them, who was making the

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105

1 assertion, Secord, Dutton, both?

2 A I don't know. We'll have to look at my notes.
3 There may be a point where there's reference to Rafael
4 somebody who I didn't know, I wasn't sure.

5 Q It is late. We don't have your notes.

6 One other question: When North told you about
7 Rodriguez, before he left, did he tell you that he had a
8 confrontation with Rodriguez two months earlier with Dutton
9 present about problems with the supply operation?

10 A Not that I recall. He may have. I don't recall it.
11 The recollection that I have is that Colonel North didn't
12 think very highly of --

13 Q Gomez/Rodriguez?

14 A Yes.

15 MR. BELNICK: Before you think the same of me,
16 thank you for your cooperation. We appreciate it.

17 (Whereupon, at 6:30 p.m., the deposition in the
18 above-entitled matter was concluded.)

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Stenographic Transcript of

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HEARINGS

ORIGINAL

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

CONTINUED TESTIMONY OF ROBERT LAWSON EARL

Friday, May 15, 1987

Originally Declassified/Released on 5-27-87
under provisions of E.O. 12558
by B. Ragsdale, National Security Council

Declass

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Washington, D.C.

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106

CONTINUED TESTIMONY OF ROBERT LAWSON EARL

Friday, May 15, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan

Opposition

Washington, D. C.

Continued deposition of ROBERT LAWSON EARL, called as a witness by counsel for the Senate Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 9:46 a.m., the witness having been previously duly sworn, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

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107

APPEARANCES:

On behalf of the Senate Select Committee on Secret
Military Assistance to Iran and the Nicaraguan Opposition:

MARK BELNICK, ESQ.

VICTORIA NOURSE, ESQ.

TERRY SMILJANICH, ESQ.

RICHARD A. ARENBERG, Administrative
Assistant to Senator Mitchell

On behalf of the House Select Committee on Covert Arms
Sales to Iran:

RICHARD J. LEON, ESQ.

Deputy Chief Minority Counsel

On behalf of the Witness:

DENNIS DEAN KIRK, ESQ.

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C O N T E N T S

WITNESS

EXAMINATION ON BEHALF OF THE SENATE

Robert Lawson Earl

By Mr. Belnick

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109

P R O C E E D I N G S

Whereupon,

ROBERT LAWSON EARL,

called as a witness by counsel for the Senate Select Committee, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. BELNICK: (Resuming)

Q Good morning, Colonel Earl. This is a continuation of your deposition pursuant to the orders that were marked at the last session, and you recognize that you are still under oath.

A Yes, I do.

Q Bob, I have before me copies of notebooks which we have received from the White House and I am told that these are the notebooks that you produced, copies of notebooks that you produced in response to our subpoena and the House's subpoena, and they went to the Independent Counsel and then, as we discussed the last time, to the White House for review to delete certain material that the White House considered irrelevant.

I have copies here. We have entered into an understanding with White House Counsel as to the terms and conditions on which we can use these notebooks at the deposition with you, and I have discussed it with you off the

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110

record. But let me just put on the record the relevant portion of that understanding.

Specifically, you are not to discuss on the record any extremely sensitive intelligence sources and methods. If any of my questions, in your judgment, call for the disclosure of extremely sensitive intelligence sources and methods or if there is anything in the notes of yours that I show you that reflects same, please ask to go off the record. I'll ask the court reporter to leave, and then we can discuss what the problem is and make sure that you don't name or cite any of those extremely sensitive intelligence sources and methods.

Also, Bob, please avoid disclosing the names of any foreign countries where the disclosure might so embarrass the foreign country involved that it could have an adverse impact on the foreign relations of the United States. If any such matter, in your judgment, arises during the course of this deposition, please ask me to go off the record and again the court reporter will be asked to leave and you can explain your concerns to me and we will work something out appropriately to avoid any such disclosure.

Is that clear?

A Understood.

Q Okay. Let's go right to the notebooks or the copies of them, and let me ask you first was it your practice

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111

while you were employed on the NSC staff to keep notes on a regular basis of your activities, conversations, meetings and so forth?

A Yes.

Q Would you describe to us for the record how you kept the notes when you made the notes, as a general matter? You kept them in steno notebooks?

A I kept them in some small notebook, wound up with stenographic notebooks that fit conveniently in the pocket so I could have it conveniently with me in the office, out of the office, wherever I was, in order to take notes from a phone call or a conversation or meeting, because I do not have a great memory and I need to make notes to myself.

Q Fine. So these notes were contemporaneous with the events that they recorded?

A Yes.

Q What I'd like to do now is start going through the notes and asking you in most cases to tell me what they mean and see what recollection they trigger. You'll notice that at the bottom of the pages there are handwritten numbers. I'm pointing to one that's numbered 150. I imagine those are numbers which the White House put in, and since we have an agreement right now, the White House or Independent Counsel, I don't know who -- I take it you didn't put those numbers on, right?

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112

A No.

Q Since part of our agreement that the White House has asked for is that we will not at this point make copies of these notes, we'll use the numbers to refer to those pages and then work out with the White House getting any necessary copies so that the deposition is understandable.

I'm pointing now to an entry from your notebook that I believe is the notebook which covers from the beginning of your work at the NSC Staff in February 1986 into mid-June, and I'm holding the page numbered 150.

I can't tell what date this was written on. It seems to be sometime in March, when I look back at page 153. But the entry says "328-1125 -- Rich Miller", then "Room 170? -- Adolfo Calero." Have I read that correctly?

A Yes.

Q Do you recall what that note refers to?

A No. It doesn't trigger a specific recollection.

Q Who is Rich Miller?

A Rich Miller is an individual who would call for Colonel North or stop by the office to meet with Colonel North on occasion.

Q Do you know what his role was?

A No. At the time -- I have learned a lot since then, so I have to try and differentiate what I know now as opposed to what I knew then. I knew that he would consult

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113

with Colonel North and that --

Q Let me ask this. Did you know that he was connected with fundraising on behalf of the contras?

A No, I don't think from the bits and pieces that I was able to observe, I don't think that I concluded that at the time. I knew that he was somehow associated with that area of responsibility of Colonel North, meaning keeping abreast of contra activities. But I had no specific knowledge of how he fit into that.

Q Did you learn more about his role prior to the time or by the time that you left the NSC staff, or is it all subsequent to the disclosures in November 1986?

A Well, most of it is subsequent to November. There are some things that just by proximity and being there for nine months that I acquired before that time.

Q Can you give us just a general statement of what you learned before November of '86 about Miller's role, Rich Miller's role, that is?

A Well, one specific recollection is of a piece of paper or a memo that I saw at one point on Colonel North's desk that dealt with a supposed Saudi businessman who was offering money for the contras, and it was some sort of a scam essentially, and Rich Miller and Colonel North had been fooled, I guess, by this particular individual who was posing as a wealthy Saudi.

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114

So that's one recollection. There's another one later that I think we'll come to, unless it's redacted, and maybe I ought not to mention it to see whether it's redacted or not.

Q Let's see if we come to it. Is the other recollection that you have, though, relating to Rich Miller connected to contras or Iran?

A Yes.

Q Let's go off the record.

(A discussion was held off the record.)

Q Back on the record. The court reporter has returned, Bob. Would you please now tell us what your other recollection relating to Rich Miller is as of this moment?

A Well, I have a recollection that somewhere in my notes, and when we come to it probably more will recur, but there is a reference to, I think, what is a Swiss bank account number for Lake Resources that apparently I was asked to pass to Rich Miller.

Q While we've hit that subject, let me ask you a few questions about it.

A Wait a minute. I'm not sure if that's right. It may have been the other way. It may have been Rich Miller calling me giving me that data, but there's a reference in there that has Rich Miller's name and this account number and stuff. I'm not sure right now which way the information was

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115

passed.

Q When we get to it, independent of whatever's in your notes, however, when did you first hear about the Lake Resources account; do you remember? Was it around the time of May?

A Well, I would have guessed after May because there is that reference in the notes. It clearly was at least in the May time frame, but I can't recall anything before May.

Q How did you become aware of it?

A It may be this event that is in the notes of someone, and I'm not sure whether it's Rich Miller giving me the number or Colonel North giving me the number for him, but there was a reference to Lake Resources as being an account that was used for certain purposes. This is a hostage-related event that I am recalling.

Q Prior to the disclosures in November of 1986, did you learn who controlled the Lake Resources account?

A I don't think I ever knew for sure, but from references and bits and pieces my judgment would have been that it was an account that I would associate with what I called Democracy, Incorporated. It was in some way an account that was useful to the private sector people who were supporting the contras.

Q Did you have an understanding before November 1986 of who had authority over that account -- to sign, withdraw,

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116

get records?

A No, that was never clear to me.

Q Did you have any authority with respect to that account?

A No.

Q Do you know if Colonel North had signature authority?

A No, I do not know.

Q Do you know if Mr. Secord had such authority?

A I don't think I knew that either.

(Witness conferring with counsel.)

THE WITNESS: That's what I was about to say. I don't think I knew that, but in the context of the arms transactions on the Iran operation, CIA would call me to say that the money had not arrived in their Swiss bank account and would give me their number to make sure that the number had been passed directly, and to inquire why the monies had not shown up. And I would be asked by CIA to confirm that number with either Secord or North so that it would be passed on to whomever.

So that I knew General Secord was involved in that in some way, but it wasn't clear to me that he had signature authority, but that he was in some way involved.

BY MR. BELNICK: (Resuming)

Q What about Mr. Hakim? Did you know whether he was

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117

involved with the account and, if so, to what extent or in what capacity?

A I think I knew even less of that. I think I knew that Hakim was a business partner of Secord and that he would sometimes be on the other end of the line in the CP that would be established in whatever capital in Europe that the negotiations happened to be taking place in. And so that I knew from those events that he was part of the party that was involved in negotiations with the Iranian government representatives. But right now those are the only two associations with Hakim that I can recall.

Q Okay, fair enough. Let me take you to another page in the notes. This one is number 148 in the lower righthand corner. It seems to be an entry or series of entries for 22 March 1986. And I'd like you to go down that and let's take it reference by reference so that everyone can follow.

It starts at the top. It says "contra contributions". Does this say "call" or "car"?

A Car.

Q "Car. Rich Miller", and there's a telephone number, [REDACTED]. Then over on the right it says "Kate". I don't know if it will be easier for you just to look at the whole thing and just go down.

A I think it's better if I put the page in context

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118

and then we can go in detail as you need to.

Q Fine. Why don't you take a look at the whole page and put it in context?

A The event that this calls to mind, that I think this refers to --

Q Meaning the whole page?

A The whole page. Let me say no, I think up to this line.

Q Right up to the double line above C.A.T.F. 

A Well, no, this one does, too.

Q So the whole page generally?

A This one may not. I'm not sure what that one is. Anyway, most of the page certainly, if not all, refers to, I think, if I'm placing this to the event that I am recalling, and on at least one occasion, but I think twice, in my tenure on the NSC staff we would get as a matter of routine from White House correspondence a form letter that the White House had to respond to certain inquiries that would be received in the White House.

This was a form letter that was intended to respond to someone who wrote to the White House and conveyed a desire to contribute to the contra cause for humanitarian purposes and help them. And the form letter had on it at the bottom, after thanking them for the correspondence and applauding the sentiments, made reference to at least, I

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119

think there were, two agencies that would qualify as potential sources that the person, if he so chose, could contribute to.

And it seemed to me from the context in which we got this, a routine piece of paper with a buck slip on it, that it was a matter of routine within White House correspondence to periodically review such form letters, that they had to make sure that they were up to date. And so Colonel North was being asked to ensure that the letter was updated and all the information was correct.

It came to me. I don't know whether Fawn sent it to me or Colonel North sent it to me. But I was asked to do the leg work on checking the letter out and I think I asked Colonel North who would be a good person to check with. I think I checked with several people -- one, the State Department; two, the CIA; and, three, Richard Miller -- to give them the names of the two organizations that were on the list to see if they were still in existence and still valid, whether this was an appropriate thing for White House correspondence.

And so this page is listing organizations that from those various sources were coming in as potential nominations to be vetted and ensure that there was no problem with them. And I think by the double circling that I wound up picking that one, the Nicaraguan Humanitarian Foundation,

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120

and Friends of the Americas -- yes, that's a one there -- as the two that went into that version of the letter, that the others fell out for whatever reasons, or these were the best candidates to qualify for what that letter was attempting to respond to.

Q Let me ask you a few specific questions, now that you see Rich Miller's name on this entry in the context that you have just described. Do you recall, does that refresh your recollection as to what you may have known about his role in respect of contra fundraising at that time in 1986?

A It suggests -- and I recall -- that he was in some way knowledgeable about all these organizations and that he had some degree of knowledge about this subject.

Q The National Endowment for the Preservation of Liberty is listed in your notes. It says "Spitz Channell PR." Why did that organization fall out at that time, to use your expression?

A I can't recall whether there were specific factors that were addresssed in conversations with either Rich Miller or State or CIA people that excluded ones, or the other way of the two leading candidates coming to the fore.

Q Do you recall to whom you spoke at the State Department for information about these organizations?

A No, not specifically, but it's likely that I would have called the Office of Public Diplomacy that was oriented

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121

toward the Latin American affairs.

Q The notes on page 148 mention also Rob Owen with a telephone number. Did you know Rob Owen at this time, March 1986?

A I think I did, yes. Yes.

Q And who did you know him to be in respect of these matters?

A I knew that he was a friend of Colonel North and that he, as with Rich Miller, would call or come in to see him on occasion.

Q Did Spitz Channell come into the ^{office} ~~office~~ on occasion at that time?

A Yes.

Q Do you know what his relationship was with Colonel North?

A No. Again, another person who would call or stop in for a meeting with Colonel North on occasion.

Q Now I want to span not only March but the period through the November '86 disclosures. What was your understanding by November of Rob Owen's role -- anything different than what you just told me?

A Well, from the context of his coming and going and phone calls it seemed to me that Rob Owen was frequently in the region.

Q Central America?

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122

A Yes. And that he would either have just come from there or be about to go in relation to his either phone calls or visits.

Q Were you aware of any of his check cashing activities on behalf of Colonel North?

A No.

Q Did you know that Colonel North had traveler's checks in the office?

A No.

Q The first you heard about it was watching TV yesterday?

A Yesterday.

Q What about this name -- excuse me. Am I correct that Rob Owen's name is on here because he was also suggested to you as someone to call to check these organizations or one or more of the organizations?

A No. The name would be associated with the director or the leader or the person, the president, the figurehead, someone to have a name associated with the group so that if it did need to be looked into further that you had a point of contact. For example, Friends of the Americas is run by a gentleman by the name of Woody Jenkins, and I guess this group here, the Nicaraguan Development Council --

Q Bosco Madamores and Rob Owen.

A Right, that those were two points of contact. It

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123

seems -- you know, that's a late entry, but it's twice. In some way that's associated with the FDN.

Q Okay. Let's move down the page. "C.A.T.F. [REDACTED] DEA." What's this next word?

A Negs, I think.

Q And then it says [REDACTED] Is C.A.T.F. a reference to the Central American Task Force of the CIA?

A I believe so.

Q And then DEA.

A Drug Enforcement Administration, I would assume. I'm getting no specific recollection off that, but that's how I would interpret that.

Q So you don't recall what that entry refers to?

A No.

Q Were you familiar with the DEA operation relating to the Iran hostages?

A I was aware of one of them. You may be referring to the one that's been so far in the Committee, which was in '85, which was before my time. But there was one in May when I was there that I was involved with, yes.

Q Which we understand to be either a continuation or augmentation of what began in 1985.

A I assume so, too. I didn't know of the '85 iteration of it before.

Q Why don't you tell us -- or perhaps we should wait

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124

till we get to notes about that, and we can take it up then.

A Either way.

Q Okay. Let me move to the next page of the notes of yours that I marked, and that's page 140. Why don't you take a look at that page? It seems again to be relating to March 1986.

(Pause.)

You've had a chance to look at page 140, Bob?

A Um-hum.

Q And I'm interested in the information throughout that seems to pertain to Mario Calero and Adolfo Calero. What recollection do these notes trigger in you?

A Not much. Let me just make a general comment that most of these are somebody calling up for North and North, because he was in meetings or out of the country or wherever, that I would be taking a message for someone. So I didn't necessarily have to understand it in order to copy it down in my notebook, that I would at some point get it to Colonel North and it would make sense to him.

Q Do you know who was asking whether the U.S. Government had any evidence of Calero misappropriations?

A No, although it's within the brackets on this one, and this seems to me --

Q You have to read it in because the record won't show it.

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125

A The reference to Space A and some dates triggers a memory, and asking the Pentagon triggers a memory of some groups that had humanitarian aid that they wanted to get into the region, and there was a program -- and I forget the name of the amendment -- but there's a program where military aircraft can be used on a certain basis to fly this material from the United States to Central America.

And I think this gentlemen, Bennett, either had done some flights like that or was asking in this case, so I'm not sure if it's related to that or not.

Q All right. At the bottom of the page you have, it looks like, \$700,000.

A \$700,000.

Q "Adolfo also uses this account for [REDACTED]

[REDACTED] What did that reference mean or who gave you that information? I'll ask both questions. What did it mean and who gave it to you?

A I don't know who gave it to me.

Q And you don't know what it means?

A No. This one's triggering a little bit of a memory.

Q "Conversion 35 percent on black market"?

A That somebody -- that there was some discussion of this as the way that additional monies had been gotten by somebody, because of the black market, that it would go into

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126

an account and then be converted at a different rate. And I think either here or later there was some discussion that that was one of the problems associated with NHAO, the Nicaraguan Humanitarian Assistance Office, and that that was one of the closing, tightening of the procedures. That was a lesson learned from this iteration with \$27 million that was to be applied in the future to tighten things up.

Q Okay. Fair enough. We'll move to the next page that I have marked, 139. Take a look at the notes there, which also appear to be in the March 1986 time period. It says "Singlaub to meet -- Steele, [REDACTED] at 10:30 Eastern Standard Time, guidance? Mike Gimpany runs a company in Arizona that obtains aircraft. To call Ami." Is that Nir?

A That's Nir.

Q "Friction with" --

A "Fixation".

Q "Fixation with proportional response."

A Vice something decisive.

Q Instead of something decisive. I take it those two notes are referring to different things -- the Singlaub note and the Ami note. Let's take the Singlaub note first which also refers to Steele, and I take that to be a reference to Colonel Steele.

A Correct.

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127

Q Do you recall what that note was about?

A No, not specifically, although in general it seemed to me that General Singlaub was calling up on occasion to try and help, that he was wanting to help the contras in some way and would frequently call to just let Colonel North know what he was doing or intending to do, or this seems to me to fit that in some way. I'm not sure whether it's coming from General Singlaub or who it's coming from.

It's possible that this was a note that I took from General Singlaub. Let me read it and see. It doesn't trigger the specific recollection, but that would be my best guess -- that this was a telephone message that I was to pass on to Colonel North from General Singlaub. But I'm not positive.

Q Let's take note two: Call Ami, et cetera -- referring to Nir. Now what's that about?

A Well, that's a note from me to pass to Colonel North to tell him to call Nir.

Q What does the rest of it mean -- "fixation with proportional response instead of something decisive"?

A What time frame was this?

Q March 1986.

A Again I'm not getting a specific recollection, but I'm kind of guessing that it pertains to ongoing discussions of terrorism and responses to terrorism, and that this is a

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128

reference to different philosophies on response to terrorist incidents -- the Israeli decisive response as opposed to the U.S. proportional response.

Q This was before you had been briefed into the Iran compartment?

A This is March? That's correct.

Q Page 138 of your notes, I want to refer to a couple of things in there -- not everything. In about the middle of the page, underneath Kopp -- which I take it is a reference to Secord --

A Correct.

Q Underneath Kopp, it says "one month's supply of codes -- [REDACTED] 43." Now is the [REDACTED] referred to Jim [REDACTED]?

A I can't remember his first name. If it's Jim, it's Jim.

Q Let's strike the first name. [REDACTED]

A [REDACTED] It wasn't clear to me whether he was [REDACTED] but one of the two.

Q Forty-three refers to the KL-43 machine?

A Right.

Q And what does "one month's supply of codes" mean?

A On a monthly basis [REDACTED] office would provide our office with codes for the KL-43.

Q Was [REDACTED] the source of the KL-43 machines

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129

originally?

A Yes.

Q How do you know that?

A Originally. I don't know about originally. I know he was the source of the codes. I know also that if we had a problem with a machine, that it would break, that we would call his office and he would replace it.

Q And who had told you to deal with him -- Colonel North or somebody else?

A It's not exactly that clear. There are certain things you acquire knowledge -- you acquire by osmosis being in an office. You walk into the office and there's [REDACTED] dealing with Fawn and they are doing codes. So no one told you that. But you can gather what the relationship, or part of what the relationship is.

Q Did he come to the office frequently, [REDACTED]

A No, I wouldn't say frequently.

Q From time to time?

A From time to time.

Q And you associated him with the EL-43 machine?

A Yes.

Q Anything else?

A No, I don't think so.

Q On the same page, 138, "from Rob Owen, Singlaub met with Commandants", et cetera. Does that trigger any

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130

recollection?

A Not specifically, but it seems to me it's a phone call from Rob Owen that I'm to pass to Colonel North, ~~that~~ he, Rob Owen, had met with Singlaub or that Singlaub had met with the Commandants, these two Commandants.

Q Of the contras?

A Of the contras.

Q Okay. By the way, are you familiar with either or both of Elizabeth Powell and Elizabeth Thomas? Have you ever heard those names before?

A No, I don't think so.

Q Let me move on to another pages of your notes, 136, and I'm interested solely in the note at the bottom of the page, which says: "Cliff Smith with Spitz' office, extention 4709." Spitz is a reference to Spitz Channell?

A Correct.

Q Who was Cliff Smith?

A He seems to be someone in Spitz' office, from that message. I don't know.

Q Is this a note that indicates Cliff Smith wants to speak to North? Is that how you would read it or remember it?

A It doesn't trigger the specific recollection. But if I were trying to back-brief Colonel North on what had transpired that day I would say that Cliff Smith from Spitz'

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131

office called and he's on extension 4709.

Q Page 135 of your notes there's a reference to Austin with a telephone number, [REDACTED] Then it says Ellen Garwood, then Wood Jenkins, Friends of Americas, with a telephone number. Did you know who Ellen Garwood was at this time? It appears to be April 1986.

A It's unclear to me whether I knew then or whether it was later that I know. Sometime in the course of my nine months there.

Q What did you learn about Ellen Garwood?

A I believe that Ellen Garwood was a contributor to the contra cause, that she had contributed money.

Q Did you learn how much?

A No.

Q Did you learn for what purpose she was contributing the funds -- that is, what her money was buying?

A No.

Q Did you ever hear what the funds that were raised from private parties was being used for? Did you know they were being used for weapons to some extent?

A That wasn't clear to me.

(Counsel conferring with the witness.)

MR. KIRK: Off the record a second.

(A discussion was held off the record.)

THE WITNESS: I would say it's possible.

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132

BY MR. BELNICK: (Resuming)

Q What's possible?

A It was for that purpose.

Q For weapons?

A I wouldn't exclude it.

Q Did you hear any discussion to that effect in the office?

A No.

Q You just had a view that probably weapons?

A I don't even know whether I'd go that far -- probably as opposed to possible.

Q All right. Let's go to another page in your notes, 223, which again is in April 1986, apparently, and I'm interested in the notes that are bracketed at the top that begin "Rich, Sparkplug". Is that a reference to Calero?

A I've learned that yesterday.

Q You didn't know at the time?

A No.

Q You keep watching the hearings --

A I think I ought to stop because it's confusing my testimony.

Q That's right. I think you ought to stop, too. "Lives in Miami." Then it says: "Cruz?"

A I think that's my own guess, and so I guessed wrong.

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133

Q You guessed that Sparkplug was Cruz?

A Or maybe that's Rich guessing, but that doesn't make sense. I don't know.

Q Leaving that aside --

A It wasn't clear to me who Sparkplug was.

Q Let me read this entry into the record. "Rich". Does that mean it's coming to you from Rich Miller?

A I think so, yes.

Q By then did you know who Rich was and what he was doing, where he was coming up with information all the time about contras?

A Let's go off the record for a minute and then we can put in what is appropriate.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Bob, why don't you put on the record what you just told me off the record concerning the lack of a formal briefing of you into the contra compartment?

A I was never formally briefed into the contra compartment, and at this time I am relaying messages.

Q This is April 1986?

A Correct, for Colonel North that don't necessarily make sense to me. My own categorization of callers would be that from having seen the way Colonel North would respond to a message from that person or seeing that he met with him and

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134

dealt with him in a cooperative fashion that I would know by those indicators that this was a person that Colonel North trusted or was in the compartment or in some way more instrumental as opposed to someone that I didn't think was in that category.

Q Rich Miller was in the former category as someone who was either in the compartment or at least Colonel North viewed as helpful or instrumental; correct?

A Yes.

Q So going back to the note on page 123, it says "Rich", so this is information that apparently is coming from Rich Miller and that you're going to pass on to Colonel North, right -- as best you can make it out?

A I think so, yes.

Q And it starts off: "Sparkplug -- lives in Miami. Cruz?" So that, as we have discussed, is either you or Rich guessing that Sparkplug is the name for Cruz.

Then it says: "Clear statement that [REDACTED] is undercutting him."

A That's [REDACTED]

Q [REDACTED]

A I think it is.

Q Undercutting who? [REDACTED]

[REDACTED] They spread dissension in the camps

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135

when they visited. [REDACTED]

Now let's stop right there for a moment. What do those notes mean? Do you know what the reference to [REDACTED] undercutting him" -- I guess meaning Sparkplug?

A I believe so, but I'm not positive of that. It seems to me that the message coming from Rich Miller is that -- I'm drawing a blank as to this quote -- who would have been saying that, whether that's supposed to be a quote of Sparkplug or [REDACTED]. Again, I may have this backwards.

But in general the recollection that it's recalling is that there was some difference in the public diplomacy line between what the State Department was saying from a public diplomacy posture as opposed to what the FDN was saying -- that this was in some way some feedback of a nuance or a difference or a problem in the two philosophies or public diplomacy approaches.

Q Let's go down the same page, 123: "^{u2}Cr~~is~~ here tomorrow to ^{meet alone} [REDACTED]", and the word "alone" is underscored, "with Elliott." Is that a reference to Elliott Abrams, as you recall?

A Yes, I believe it is.

Q [REDACTED] What does that mean?
(Counsel conferring with the witness.)

A I'm not sure who it's coming from. It may also still be from Rich, although with the line across I'm not

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~~TOP SECRET/CODEWORD~~

136

positive that whoever is passing along this message -- and I think it's Rich Miller -- is alerting Colonel North that Cruz intended to be in Washington the next day, whatever, the day after to meet alone with Elliott Abrams, and I think whoever the caller is is just speculating that [REDACTED] there is a problem.

Q On the part of who?

A I don't know.

Q Abrams?

A I don't know. There was a problem within UNO about this time, I believe, between the leadership and Cruz versus Calero versus others, and this may be a reference to that.

Q That's as best you can recall now, anyway, yes?

A Yes.

Q All right. Let's move on to your notes at page 100, which appears to be notes for the 24th of April 1986, and here I believe we're looking at notes that to me refer to the Iran compartment. Why don't you take a look at the page -- this is page 100, 24 April 1986 -- and once you review the notes see what you can tell us about what they mean.

(A brief recess was taken.)

BY MR. BELNICK: (Resuming)

Q Colonel Earl, you've had a chance to look at page 100. Can you tell us what the entry for 24 April 1986 is all

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~~TOP SECRET/CODEWORD~~

137

about?

A Yes. This is about the time that I was brought into the compartment for the Iran operation, because Colonel North was going to be going to Tehran and needed backup back in Washington. So this, I think this is the notes of a meeting that I believe was held out at CIA headquarters with George Cave, Bert Dunn.

Q Who was Bert Dunn?

A Actually I may have already goofed, but anyway --

Q No, the name is on this record.

A Both of those are DDO people, although George was contract, retired. In fact, all three of them are. [REDACTED]

[REDACTED] is also DDO, so they are all potentially under cover. Covers are blown in these things, I guess, routinely.

Q Well, their names are known, but we'll be sensitive with them in any event at the public hearings. Certainly we can take appropriate precautions because we are sensitive to that whole matter.

What's the substance of the meeting, discussed as best you can understand.

A That should have been redacted.

Q The reference to something that should have been redacted, if that was on the record, is to the name of an Iranian, which is here and I will take a pencil and put a circle around it, and certainly if we ask for this page, that

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138

name could certainly be reacted from it, although I can tell you it does appear on other documents, although I'm not aware that the name is public.

In any event, from looking at the note on 100, what's the substance of the discussion?

A It's a discussion of the logistics of the HAWK spare parts that have been requested by the Iranians and the CIA, working with their counterparts in the Defense Department, are attempting to fill this order by referring to part numbers, and the fact that some of the parts that have been requested by the Iranians there are problems associated with it.

For example, they may no longer be made and that they have to go to a higher level of assembly in order to satisfy the need for that and you can't buy that specific part any more.

Q All right. Over on the right, midway down the page, it looks as if it says "only \$200,000 different". Am I reading that correctly?

A It says that, yes.

Q Was there discussion of pricing at this meeting, as best you now recall?

A Yes, and that refers to this problem that I just started talking about, about either the part is no longer made and you have to go to a higher level of assembly in

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UNCLASSIFIED

~~TOP SECRET/CODEWORD~~

139

order to satisfy it and, therefore, there is an increased cost associated with buying a bigger part than you really need in order to get the smaller thing which is now attached or that certain items aren't even made any more and you would have to crank up the assembly line and do it. So this, I think, refers -- well, the arrow points to the higher level of assembly.

So I think that's a specific reference to how much difference there is if we fill that need by going to the higher order of assembly. It increases the total cost of the order by \$200,000.

Q Was that the extent of the pricing discussion at this meeting?

A There could well have been other discussions like that on specific parts or --

Q Was there any discussion of marking up the price at that meeting?

A No.

Q You testified last time about the 3.7 factor. Was there any discussion of that at this meeting?

A No, I don't believe so.

Q And as best you now know, the participants were George, Bert, [REDACTED] and yourself?

A No. There were others.

Q Who?

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140

A If this is the meeting I'm recalling out at CIA -- which I think it is, but I'm not positive --

Q Then tell us who you think was there in addition to those I've named.

A Now wait a minute. I'm starting to confuse meetings. This may be a different meetings, since I've only put those three names at the top. I'm recalling another meeting.

Q Tell us about it, notwithstanding the note and knowing that it may be another meeting. Tell us about the meeting you recall.

A Okay. I'm recalling a ^{meeting out} meeting out at CIA in about this time frame.

Q April-May '86?

A Yes, at which Colonel North and I attended for the NSC and CIA representatives were -- it was in Clair George's office -- Clair George, Bert Dunn, I believe [REDACTED] I think [REDACTED] and I'm not sure whether George Cave was there or not. I think he was.

Q What do you recall at that meeting?

A Well, it was just a general operations briefing, if you will, for the upcoming trip to Tehran and how to fill the request and communications and passports and all the logistics problems. It was operational discussion on how to proceed with this approved mission that we were about to

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

141

embark on sometime later, it turned out in May.

Q Was there discussion of prices at that meeting?

A I don't believe so, although there may have been some references to the generic problem of differences between what the Iranians had requested as opposed to what we could fill and the incidental pricing implications of that.

Q Bob, moving forward, did there come a time that you became aware of complaints from the Iranian side of the prices being charged for the weapons?

A Yes.

Q When did you first hear of such complaints?

A I can't put a date on it, but it was sometime after May, after the delivery of the first wave of parts, the sampling, if you will -- the pallet or so that went in with the party -- and it may even have been later than that, which was the subsequent delivery of the rest of the parts. But certainly after May, sometime between May and, let's say, October, to put a bound on it at the other end, and I just right now can't put -- although there may be some notes and references that will nail it down more -- that the Iranians had complained to Ghorbanifar, the channel, that they were paying through the nose for these parts and that they didn't understand the markup and why it was so expensive.

And so there was concern on the U.S. side as to how to deal with that. And at one point the Iranians said

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142

that they had the parts and their prices on microfiche and that they were looking at what the so-called U.S. Government price was and that, therefore, they knew what they were talking about.

Q Do you remember them saying that in light of that price that they believed that the markup to them was something like 600 percent?

A I don't recall the specific reference of how much higher, but certainly it was significant -- a several-fold increase that they complained about. Anyway, that led -- it was always uncertain on our side how much of that was just negotiating posturing on their part to be complaining and how much was legit as to how serious their reservations were about the actual prices.

But it resulted that we asked for these microfiche that they claimed to be referring to, and, although it took a long time, eventually that was provided through Nir, and we got those and CIA analyzed then.

Q And what conclusion did CIA reach?

A Well, I'm not sure. I never got the feedback directly, but whatever they had seemed to be legitimate, that in some way they were getting perhaps contractor information, the cost of manufacture, if you will, in some way on some sort of microfiche. There were 40-some microfiche that were eventually forwarded to us.

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143

The solution to the problem that was worked out was to explain to the Iranians that there were many levels of pricing in the same way that MAC, the Military Airlift Command, charges different rates for different passengers. If I were to travel on MAC as a military officer, there would be a certain rate per DOD. If you were to travel as a U.S. Government employee but not DOD, you would pay a higher price. Or, if a civilian were to be evacuated from an area on a MAC aircraft and have to subsequently reimburse the government, that would be a still higher price that he would have to pay for the same seat in the same aircraft.

So there were layers of pricing involved. In the same manner, there are layers of pricing that the U.S. Government gives for prices. The U.S. Army pays a certain price for a TOW missile part. Another country under FMS would pay a higher price, and a country that was buying it not only FMS would get a third price higher, or a commercial transaction direct, not being through the government, would be even higher.

So that there were all kinds of prices that were possible and that's enough.

Q All right. Who was involved on the U.S. side in this issue?

A Colonel North.

Q You?

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144

A Well, I was.

Q Who from the CIA?

A Well, we delivered the microfiche when we got them to [REDACTED] so he took them back and had them analyzed. So his division or the group of people, since it was a compartmented program, within his division that were dealing with this problem, these folks.

Q That's Cave, Dunn and [REDACTED]

A And [REDACTED] were certainly aware of this issue raised on the Iranian side and how we were going to respond.

[REDACTED]

Q Was there any consideration of going back to them with lower prices?

A No, I don't think so.

Q Why not?

A It just wasn't.

Q It was no surprise to the CIA that these prices were considerably higher than what they were paying to DOD, was it?

A Didn't seem to be.

Q [REDACTED]

[REDACTED]

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145



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I explained, which eventually, as I recall, was the solution that made this thing go away, was an explanation of different layers of pricing on FMS and so forth and they didn't qualify for the cheapest price.

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146

Q But one option that was not considered was lowering the price to them?

A Not that I'm aware of.

Q Did anyone express the concern that by keeping the price high in the light of the Iranian complaints the operation was being jeopardized?

A Not really. The only other source that the Iranians could have would be through black market, where the markups would be much, much higher, and some of the materials that we were providing probably weren't available on the black market. So it was take it from us or not at all.

(Counsel conferring with the witness.)

Q As I understand from your testimony and others, the purpose of the arms part of this transaction was as a demonstration of good faith on our side, which it was hoped would on the long range lead to a strategic objective of the opening to Iran, correct, and in the near term would result in the release of the hostages? Am I generally correct? That was the purpose of selling arms, right?

A There were a variety of purposes and objectives.

Q Then let me ask it in a non-leading way. What did you understand to be the purposes and objectives of the arms sales to Iran?

A Well, from my first briefing into the program, the terms of reference figured significantly, which had been

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~~TOP SECRET/CODEWORD~~

147

drafted by Teicher and a State Department guy that was on the NSC staff whose name I can't recall at the moment. And the strategic value of the opening of this dialogue was clearly a part of this whole evolution and it was always discussed that the ongoing hostage situation in Lebanon, even though it didn't involve Iran per se but because of Iran's degree of influence over the believed hostage-holders, that we from our side, the U.S. Government, viewed this as an obstacle to bettering relations with the Iran government.

And because of the geographic location and the Soviet menace on the northern border and the Iran-Iraq war, all these other geopolitical concerns, that the hostage situation was viewed as an obstacle to getting on and doing things that were in our mutual interest and improving the relationship. So really the answer to your question is yes. I mean, it wasn't leading. It's the way I believed.

In other words, I've read a lot about, in the press, speculation that the strategic dialogue was just a cover or a justification after the fact to cover what was really just a straight arms-for-hostages deal, and from the inside I never viewed it as that.

Q Well, that's what I was saying.

A It was certainly a part of this whole evolution.

Q Where were two, and I've referred to them as the long-term or strategic, what you call the geopolitical,

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148

objective, and then, in the near term, the release of the hostages, which was interfering with all kinds of relations. Correct?

A Yes.

Q And on our side the arms would come aimed at achieving those two purposes -- the opening of the dialogue and the release of the hostages -- and indeed on the other side the release of the hostages would be their contribution towards easing that obstacle that kept us from one another; correct?

A Yes.

Q Given those objectives and given the geopolitical objective, once the Iranians started to complain about the price, didn't anybody say perhaps the pricing is interfering with the geopolitical objective? Instead of the arms now being a way to open a dialogue, we're in an argument; maybe we should lower the price.

A I don't recall any conversations on that. And, like I say, it was felt that this was posturing on the part of the Iranians just to complain because by their nature they complain that, looking at any alternative source, if any, for what they were getting that they were not getting a bad deal and that this was not a serious obstacle to the relationship.

Q Let me just try one more. I understand what you're saying. But if the objective, if the overall

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14

objective is to open a dialogue and now the mechanism that's been selected is opening an argument, wasn't there any concern that the pricing had become counter-productive and it was counter to the objective of getting involved with the arms sale in the first place? You weren't selling arms to make a profit, as I understand it, right? That wasn't the reason for getting involved with the arms sales to Iran, as far as you knew?

A No.

Q If that wasn't the objective, then why not lower the price? I'm just asking.

A You're not involved in the process. You're looking from the outside and making what I certainly understand is a reasonable question on your part. But it doesn't track to me. It doesn't make sense. I don't have the same intellectual question or hangup because my own perception of the relationship, from what little I gathered by observing it from the bits and pieces that I saw -- and

--- I didn't have a full appreciation, but I think I had a better one than yours from looking out.

This was very much of a trading negotiation and each side bluffing and counter-bluffing, and Ghorbanifar bluffing both sides, and never being able to believe. It was a dance of artful negotiation and it was

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15

inconceivable, it would seem to me, that from a negotiating posture that you could go back to them after having stated a certain price and then say oh, well, we goofed and it's lower. I mean, they would have run with that. You would have given the inch that they would take a mile with.

That's not the way to deal with Iranian [REDACTED]

[REDACTED] it seems to me.

Q Looking at it on the other end, was there any consideration of the kind I have asked about given when the price was set in the first place?

A I don't know. I'm extrapolating a little from later knowledge, like you said, about the 3.7. I didn't know about the 3.7 at this time.

Q In April 1986?

A I don't think. I think I acquired it later. I think it was after the delivery of the 500, when we then had the Iranians coming back, saying, developing a list of complaints with the delivery of the 239 spare parts, that certain ones didn't work. They had asked for a certain quantity, say four of an item, and only three were supposedly delivered. Where's the fourth?

So there began to develop a new list of things that they from their side felt that we owed them based on the original transaction, and we had to then develop compatible pricing from ^{that} what which had occurred before. And that's

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151

where I think I first became aware of the 3.7 factor.

Q Talking again about the period where there were the complaints, did you hear any discussion on the U.S. side in connection with that issue of the need to make sure that funds were available for the contras in connection with the price negotiations that were then in progress? Was that area discussed?

A These meetings?

Q Not the meeting in April but we have sort of jumped to the period between May to October, which you've described as the period during which you became aware of complaints by the Iranians about the prices. We've talked about the microfiche and had a dialogue about the concerns on the U.S. side.

A Right.

Q In connection with any of those discussions did you hear contra needs discussed?

A Well, Colonel North had told me at some point -- and I don't know when; I think it was in this early time frame -- that part of the Ayatollah's money was going to help the contras, and so there was a reference to that that he made to me, I think just one-on-one, and that that was one of the boxes within a box.

Q And that was one of the factors, as you understood it, that influenced the price?

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152

A Clearly I don't think I really correlated it explicitly in my own mind that way, but clearly it was.

Q Was General Secord, to your knowledge, involved in the discussions May to October about the price complaints?

A Well, I don't have a specific recollection. I can't recall him contributing to that in some way explicitly. But in general General Secord was involved with these negotiations with the Iranians, so it seems inconceivable to me that he was not also contributing.

Q But you didn't have a direct knowledge of it?

A I can't recall one right now, but I may later. It's inconceivable to me that he was not involved on that.

Q Once you were briefed into the Iranian compartment and then in the months after, what was your understanding of Secord's role?

A Well, I would say that General Secord was a person in the private sector who had an organization that was able to get things done when elements of the U.S. bureaucracy were unable to do so.

Q Did you understand whether his organization was making a profit, making money on his participation?

A I didn't know that explicitly. My feeling at the time would be -- was that it seemed to me some of that which I saw occurring, such as the rental of a Lear jet to bring certain people and the return of a hostage to Weisbaden was

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153

financed by this private sector organization. So those sort of expenses, it seemed to me, were probably coming from that pot, but that's speculation on my part. I didn't know that.

Q Leaving speculation aside, did Colonel North ever tell you whether the private organization that was assisting here was being compensated in some way, a commission, profit?

A No, I don't think so.

Q He never discussed that with you?

A No.

Q Let's go to page 98 of your notes, and this appears to be a discussion on, it looks like, April 25 or thereabouts, with [REDACTED] also about the forthcoming delivery to Tehran; am I correct?

A What's the date again?

Q I think it's April 25, judging by the date on page 99. There is no date on 98.

A Yes. This would be similar. It's probably a follow-up discussion.

Q To the one on April 24, page 100?

A That he was calling me with some further information that they didn't have back then.

Q For example, 209 instead of 206 are now available and so forth?

A Correct.

Q This pricing at the bottom, it says "\$ figure with

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154

241, U.S. Army, \$4,286,573.72; CIA, \$4,103,819.64." What do those numbers refer to, as you now recall?

A Okay. This is [REDACTED] passing to me that the U.S. Army had calculated the total cost, including the price with part number 241, which was not on the sheet that the Iranians had given us, and this refers to 241 being one of those combined into a higher assembly of two other parts. But, anyway, including that contentious part it would cost that much. And the CIA's costing-out of that same collection of parts was this amount.

And I think that's the difference between the two.

Q So the difference is recorded as \$165,416. That's about right, isn't it?

A Um-hum, was because of their differing calculations on part number 241.

Q Okay. Let's see. Page 97. Is that an additional reference to the arms shipment to Iran, the HAWK shipment, or am I reading something else?

A Yes. Continuing discussions of part numbers.

Q Now on the same page near the bottom it says:
"not" --

A "Not provided" or "not being provided".

Q And there's a string of numbers and then
"partial".

A Part numbers.

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155

Q These are all part numbers? Okay.

A And then "partial shipment".

Q Let's move along to page 91, and I believe this page is referring to the Iran compartment and I'd like you to tell us what the entries on that page are about. Maybe we can first establish some names. The notes refer to Abe. Is that a code name for Hakim?

A Yes, although I think in the time frame that I was writing this, which is --

Q April, I believe -- April-May 1986. Let me look at the nearest note that has a date.

A It's that general time frame. I didn't know that, because I subsequently wrote in -- and I don't know when, but sometime later -- that I learned who that was, but at the time I wrote this note I did not know who Abe was.

Q Sam. Is that George Cave?

A Yes.

Q Adam. Who was Adam?

A Adam is Nir.

Q And Merchant is Ghorbanifar?

A Correct. O-N, Oliver North.

Q Yes, that I understand. Why don't you tell us what that is?

A Let me just read the whole thing and get it in context, that will make the explanation a little more clear.

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156

Q Fine.

(Pause.)

A If we want to spend more time, I could probably figure it all out, but let me just give a general at this point. This is -- and I'm not sure who is offering up this option, but because of some problem that arose -- and that's the historic relationship of this whole thing, is just a series of problems -- some snafu, some problem, and this is somebody's option on how to solve it with Abe, Hakim, to call that person, that Iranian official whose name we won't divulge yet, introduce George Cave to him on the phone to talk.

And that --

Q That Nir would pass the suggestion to Ghorbanifar?

A Correct.

Q So this is a proposal to solve a problem they had. Anything else? That's what it's about?

A Yes.

Q Now let me go down on the page. Can we go off the record for a second?

(A discussion was held off the record.)

Q It says "Merchant to deposit dollars on Monday". That's Ghorbanifar depositing what money -- from his Iranian

--

A However he acquired it, if we ever find that out.

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157

Q Now "George worried, we're so dependent on Ghorba to bring unnamed Iranian out". What does that mean to you, "George worried we're so dependent on Ghorba," et cetera?

A That's a concern that a lot of us had, all of us had, I think, and just George Cave expressing it explicitly on this occasion, that the channel was so dependent on Ghorbanifar.

Q Did you hear discussions after you became familiar with the compartment that Ghorbanifar had never met a polygraph he didn't flunk?

A Much later I learned that, very late in the game, like October or September, that there were burn notices put out on Ghorbanifar by the CIA. So I didn't know that then, but my recollection is even up here everyone distrusted Ghorbanifar, that you couldn't tell whether he was telling the truth or not.

Everyone recognized that Ghorbanifar was untrustworthy, that he was making up stuff and looking out for his own interests, which were probably to make an enormous profit; but that it was the only channel available, that at least it worked, that it was able through him to get to the Iranian leadership -- these pragmatists or people we were dealing with that were willing to talk about this and seemed to want to have a more balanced relationship with the United States.

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158

So it was not because everybody liked Ghorbanifar or trusted him, but for lack of any other alternative, which is what led to this pressure for search for a second channel to get Ghorbanifar out of the loop so we could deal one on one with the pragmatists in Iran that we wanted to deal with.

But because it worked, there was always a germ of truth in some of the things that Ghorbanifar said, so you could get intelligence value from some of what he gave you. It took enormous analysis and vetting to separate the wheat from the chaff.

Q In terms of some recent famous words, he wasn't the most despicable man anybody had ever met.

A Yes.

Q Let's see if we can do a few more before we break. Off the record.

(A discussion was held off the record.)

Q We'll take this one and then we will break. Page 85. We've passed page 89 and done that off the record, and we're not interested in putting that on the record. So now we're at page 85. I'm looking at the portion of the note which reads: "Casey. Yes, he supports current."

A "He supports the current."

Q What does that mean?

A It's incomplete. He supports the current I don't know.

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159

Q Well, you see down on the page also there's a group of initials. It says "Roger on instructions. Yes, the DCI supports the current plan/op."

A Operation. Let me read the whole thing.
(Pause.)

Q It appears to be an entry, based on the date at page 84, or at page 86, rather, of May 5, '86. Does it refer to the DEA operation at all?

A That's a possibility. I'm not sure.

Q If you look at the note at the top of the page "\$1 million".

A For one alive, per live hostage, yes.

Q Then it says [REDACTED] who I believe is a DEA agent.

A Correct.

Q And if this is going to start a long discussion, we may want to do it when you come back, because I know your lawyer has to go to an important appointment.

A Well, it's not ringing any bells. This is clearly a message that I'm to pass, a message from North for Admiral Poindexter.

Q That's what all those initials mean?

A The following message from Colonel North for Admiral Poindexter, "Roger on instruction. Yes, the DCI supports the current plan/operation".

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160

Q Now that's a message North wants you to give to Poindexter?

A Correct.

Q And does it refer to the DEA operation?

A I'm not sure. Certainly there's a reference to that on the top of the page, but it doesn't necessarily mean by the time we get down to here that the two references are to the same thing, that it's still the same, and I'm drawing a blank as to whether it is the same thing or something different.

Q Do you have an independent recollection, and we're going to talk about the DEA operation this afternoon -- do you have an independent recollection of whether the DCI did support that operation?

A I don't have a recollection of that. I don't know whether the DCI supported that or even knew about it, from my knowledge.

Off the record.

(A discussion was held off the record.)

MR. BELNICK: On the record. We're going to break now. We will resume at 2:00 p.m. Thank you.

(Whereupon, at 11:28 a.m., the taking of the instant deposition recessed, to reconvene at 2:00 p.m., the same day.)

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161

AFTERNOON SESSION

(2:10 p.m.)

Whereupon,

ROBERT LAWSON EARL,

the witness herein, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE -- RESUMED

BY MR. BELNICK:

Q Good afternoon, Colonel.

Now we're on page 83 of your notes for the same period, and I think page 83 is still in May of 1986, from the context it appears to be.

A We're going backwards? Oh, we are going backwards.

Q We've been coming backwards from the back because that's how they're ordered. It's to confuse the enemy, and me.

Page 83, which appears, as I said, to still be in 7 May 1986, I'm interested in the note that starts "Elliott". Then it looks as if it says "R-squared" and there's a line -- "new mad scheme." What does that refer to? Who is R-squared?

A I'm not getting a distinct memory, but my guess is that it's Ronald Reagan.

Q Does Elliott refer to Elliott Abrams?

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162

A I think. That's the only Elliott that I know.

MR. LEON: How about Ben Elliott, the speech writer?

THE WITNESS: Possibly. I knew him but never really -- well, on speeches, but I doubt it. You're right; it's possible, but I don't think so.

BY MR. BELNICK: (Resuming)

Q But take a look at the whole note and see if your memory is at least refreshed as to what it means.

A Those two relate.

Q Well, tell me what you recall about it.

A Okay. This is from -- that looks like my handwriting, although it looks like a different time than when I wrote this. But anyway it looks to be a note from Colonel North.

Q That Ghorba called?

A The merchant called. The merchant's in room 926, and I think at the hotel, the Churchill Hotel in Portland Square in London. Talks begin.

[REDACTED] and that Nir had called him.

Q Had called Ghorbanifar?

A Had called Ghorbanifar. And this is the room number where he is.

628 Q Room 728 indicates where Adam was?

A Correct.

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163

Q Then there's a thing that says "ON, order 508 TOWs for Israel."

A [REDACTED]

Q Is that [REDACTED]?

A [REDACTED] I assume.

Q Allen?

A This would be Charlie Allen. And this is again for doing that, that that was a route.

Q We'll ignore the Allen comment, but [REDACTED] order 508 TOWs for Israel", is that [REDACTED] telling you that he's ordered 508 TOWs for Israel? Do you recall the question being raised around this time of replacing the Israeli TOWs which had been shipped to Iran in August and September of 1985, roughly, if not exactly, 508 TOWs?

A I don't have a specific recollection on when we paid those back ultimately. I know it was way long after the original. That was one of the bones of contention from the Israelis, that we didn't pay it back as quickly as they would have liked. [REDACTED]

[REDACTED] So that in some way refers to that, but I'm not sure from this whether it's coming from [REDACTED] or I'm to tell [REDACTED] that or what.

Q Let's go back, then, to the reference we started

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164

out with on the page: "Elliott, R-squared, new mad scheme." Any recollection today of what that means? If you don't recall, you don't recall.

A I'm getting nothing from that one.

Q Does anything else on the page either help you with that or refer to the matters we've been talking about? For the record, I'm going to draw a red line, a red circle around the comment attributed to Allen here and some other material which I will suggest be redacted.

A I agree.

Q In the event that we request this page to be declassified. And that's on page 83 that I drew those red circles. Let's move on, if you can't recall.

A There's a possibility. Something just clicked, and this may be it. This may be where he was at the time.

Q Where Elliott Abrams was?

A Yeah.

Q At the Intercontinental?

A Yeah, with that number. Because what I just remembered was there was a time when Colonel North was traveling on one of his trips where he said he saw Elliott at an airport somewhere, and Elliott had not seen him. He made that comment in passing -- that his tradecraft, if you will, of observing was better than Elliott's. So Elliott had missed seeing Colonel North.

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165

So this may have been this time frame, when they were both abroad separately, but for some reason one was trying to get the other and that we were a clearing house for exchanging phone numbers and room numbers in hotels. That's just a guess.

Q But the reference to R-squared, "new mad scheme" means nothing to you now?

A No.

Q Let's move on. Okay. The next page I have marked is page 82 of your notes, which reads: "Felix, [REDACTED] to Miami [REDACTED] at cetera. Is the reference to Felix Rodriguez?

A Yes.

Q [REDACTED] Is that [REDACTED] from the Central American country [REDACTED] as best you recall?

A I'm not getting a specific recollection of this, but probably because it relates, it seems to relate to something else that I recall -- what we talked about before, the two meetings.

Q This is May 7, which is months earlier than the August meetings you discussed at the last session of your deposition.

MR. LEON: Here on the May 8 calendar for North it shows an Israeli general arriving, Thursday, May 8, the next

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U. S. GOVERNMENT PRINTING OFFICE: 1967

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166

day.

MR. BELNICK: I don't think that's the same

BY MR. BELNICK: (Resuming)

Q What do you recall about the note?

A Nothing specific. It seems to be a message from Felix that I assume, although I don't recall specifically, that I assume I was to be passing to Colonel North.

Q Okay. Let's move along. The next page that interested me was page 78 of your notes, which I believe is still in the same May 7, 8, 9, 10, something like that, time period of 1986. Why don't you look at that?

A The whole page?

Q I think the whole page for the most part, insofar as it pertains to what we are interested in. It refers to the same subject, seems to be referring to the Iran arms shipment, replacement of Israeli TOWs and so forth. But I'd like to know --

A Do you want me to indicate --

Q And Colonel North is also going to draw some circles in red on things.

A Colonel North is?

Q Colonel Earl, things that he thinks ought to be redacted from page 78.

(A discussion was held off the record.)

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U. S. GOVERNMENT PRINTING OFFICE: 1967

~~TOP SECRET/CODEWORD~~

167

A In answer to your question, yes, it is a continuation of similar previous pages we were talking about on Iran arms.

Q There's numbers here about expenses. Where were you getting these price figures from? Are they coming to you from Nir?

A No, I don't think so. I think it ^gcould be coming from CIA, from the logistics people.

Q Expenses for what? There are expenses listed here totaling \$3.8 million, \$3.2 million, and then another big number.

A What's the date on this again

Q I think it's about May 7-8, 1986, is my best guess based on the surrounding pages.

A Well, here's an example. This number here, the \$3 million, \$3.2 million is an example of an expense, if you will, which includes the cost of the Israeli TOWs and the transportation and packing cost of moving those TOWs within the United States and en route to Israel.

Q And this is an expense that would be borne by whom?

A They'd be added to the price ultimately that the Ayatollah would pay. I mean, he paid for the train delivery to [REDACTED]

Q So the idea was to put, among other things, to put

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enough into the price to the Iranians to enable you to cover the expenses of replacing the Israeli weapons, in effect?

A Yeah.


Q In addition to whatever other markups there were, correct?

A Yeah. I hadn't really thought of it in those terms till you phrased it that way, but this suggests to me that. Let me just caveat this by saying that this was my first introduction to this whole thing and so these didn't make sense to me at the time, and I had never really, until you just mentioned it, realized that that's what was going on here. I was just copying numbers down that I got from somebody and having them available if needed.

And at times Colonel North would look for something in the records that I kept, knowing that I kept notes, but they didn't necessarily make sense to me. So yes, I agree with what you say, although that's based on ex post facto knowledge. I didn't know that at the time.

Q Let me go to the next page of your notes, 77. What I'm interested in is the note at the top, which seems to say "13th ON to" --

A I think the Naval War College.

Q  KL-43, two more." What did that note mean?

A I think they're unrelated. The first one is that

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169

Colonel North had a plan to go brief, give a speech, or something at the Naval War College.

Q Then the [redacted] reference?

A [redacted] that we were to ask him for two more KL-43s because others were broken or needed replacement or they needed two more; I don't know.

Q Now we move to page 76 of your notes, May 9, 1986, and this looks like planning for the upcoming Tehran mission, that is, things to say to the Iranians and so forth; is that correct?

A Correct.

Q What does this mean: "Israelis want to be there, offered two 707s. Israelis provide some degree of plausible deniability"? What did those two lines mean? Let's take the first one: "Israelis want to be there, offered two 707s."

A I read that without specific recollection, but the way I read that, interpret that, now is that it meant that the Israelis wanted to be part of this, that the option of just the U.S. going in was not preferred by them, that they would prefer to have an Israeli as part of this, that this was a joint venture of sorts, they were a major player, and they wanted to be there to participate, as, of course, it turned out, with Nir attending.

They offered two 707s in this, at least one of which -- and maybe two, I'm not sure -- were subsequently

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~~TOP SECRET/COBWORD~~

170

used.

Q Now the line: "Israelis provide some degree of plausible deniability". What did that mean? Who said it?

A Well, see, I don't know who said it. As far as what it meant, it was a suggestion that cover was a consuming concern of this whole enterprise, to protect the cover of this thing, and to the extent that we were dealing with a lot of people in various countries and Ghorbanifar, dealing with all kinds of people, that the circle of knowledge of parts of this was ever-expanding and of operational security concern.

And there was always a need for cover to explain that which people could see, so that the covert operation could not be blown by the press or somebody else stumbling onto something and not having a plausible explanation to make it go away, as happened in the past, prior to November, when I think there were some references in the press -- I think it was Jack Anderson -- to an Iranian connection on hostages and those things came and went.

Q This would enable who to deny what -- the United States to deny that it had any role in the arms that were going to Iran?

A Well, in the context of coming right after the 707s, it suggests to me that if the movement of aircraft to Tehran were picked up because of the necessity to file a flight plan in certain portions of it, that the fact that it

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171

was Israeli would help provide protection of the operation, that it didn't automatically point the finger that the United States was doing this. Sure.

Q Was plausible deniability a term that you associated with anyone in particular?

A It's a term of art that I'm very familiar with from my days at the CIA. It's a general mode of operation in establishing covert operations.

Q It's a CIA term, though, isn't it?

A Oh, definitely. If you set up a cover, if you have a covert operation, unless everything that you do will be seen by no one, [†]then what's the difference of doing nothing, then? You have to do something that somebody can see. You have to have an explanation for what you're doing that does not give away that which you are attempting to keep secret.

Q Let me ask you a question. There are references on page 76 and others to the false passports, and we're aware that [REDACTED] passports were used on this mission to Tehran; correct?

A Correct.

Q Was any thought given to the danger that that use of false passports may have exposed the participants to in terms of their possibly being arrested on a legitimate charge in Tehran, which is not unknown to have taken captives from

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172

time to time?

A I'm not sure of the antecedents that led up to that decision. I assumed that that was because that was being requested by the Iranians, but I'm not positive of that, that they had wanted us to come, that this was coming again through Ghorbanifar, so you don't know who is making up what.

Q Precisely.

A But I don't know who asked for it and how it was decided and blessed, but by the time I got to deal with it it was already a decision. And here the only discussion is whether to go [REDACTED] that there was an established need for foreign documentation.

Q But whoever asked for it, you didn't hear any discussion to the extent you were involved as to the risk of using a false passport and exposing the carriers of those passports to arrest?

A No, not on that one per se. There was concern with the fact that they could have been taken hostage, and there was concern that all kinds of things could have gone wrong with the mission that would have led to the cover being blown. For example, we even in the operation order had contingency press guidance developed for those sorts of circumstances, if the party was taken captive in Tehran, what would we say with Bud McFarlane there being held prisoner.

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173

Q That's why I was going to ask you what "plausible deniability" meant in this context. You were going to have the former National Security Advisor and Oliver North in these airplanes. Did people think it would be plausible to deny that they were Oliver North and Bud McFarlane or was there another theory?

A There are different scenarios of what is exposed and how you react to it. That is certainly the worst case, where the people that we were trusting to go and speak as emissaries would jeopardize all that by blowing it and taking them prisoner. That was the worst case, and there's only so much you can do in that circumstance, but that would be for something less than that, it seems to me, that the other party in this dialogue had just turned 180.

Q Page 75 seems to be further discussion of the plans for the Tehran mission; am I correct?

A Yes.

Q And it says here: "Gifts okay. Replica of Colt .45s." Whose idea was the gifts; do you remember?

A No, not specifically. It occurred in one of the briefings and conversations. It may have been George Cave, someone who knew Iranians pretty well, made the protocol point that whenever a visiting delegation would come to discuss important things that there would be a symbolic exchange of gifts, and that we would expect that from their

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174

side and what would we do on our side.

And that led to a discussion that they liked hand guns and so these .45s were acquired and taken, but I don't think they were given.

Q Hopefully not loaded.

(Laughter.)

Page 75 of the notes also contains this entry: "When brief Weinberger, Casey, Shultz, et cetera, what if they can't deliver." Explain those two lines to me.

A They are unrelated.

Q Give me the first one: "When brief Weinberger, Casey, Shultz".

A This is raising the question of when are they to be briefed on all the timing and so forth.

Q Who raised that question?

A Well, I haven't figured out from this whole thing where it's coming from. That's why I was looking back on what day of the week is this, because I had looked back and seen this reference to Saturday a.m. meeting, so if it were a Saturday it would have tracked.

MR. LEON: There was a meeting the 9th.

BY MR. BELNICK: (Resuming)

Q Friday, May 9, according to Colonel North's calender, which Rich is pointing out there is a meeting that North has listed with Clair George and [REDACTED], Cave and

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175

 A That must be it.

Q Then later in the day, that same Friday, May 9, there is an entry on North's calendar that says Bob Earl, 4:15.

A No. That was unrelated.

Q So looking at the earlier one?

A Yes. The reason I was thrown off was this reference to the Saturday a.m. meeting, so I'm looking for a Saturday, but it must have been rescheduled up a day to Friday. So this is the Friday meeting, what I previously described to you went around the room and said all the people there.

So this is a significant operational meeting of all the players in planning for this operation. And this was kind of stream of consciousness, recollection, so I don't know who said what. But it was discussed at some point in the meeting.

Q Do you recall it being discussed that the Secretary of State did not know anything about this operation at that time?

A No. It doesn't necessarily mean that. He could have known of previous iterations or whatever. But the details of the Tehran trip by Bud McFarlane is the way I interpret that, when to brief them on this specific part of

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176

the operation.

Q So would it be fair to say that as of that time, May 9, 1986, you did not know whether the Secretary of State knew about the mission or not; correct?

A Correct.

Q The same with respect to Weinberger?

A Well, again it would be correct to say that I don't know to my direct knowledge. I would circumstantially believe it fairly likely that he knew at that point because we had to get his approval to buy the weapons in the first place and through that channel, through the CIA to DOD, it had to be approved by him.

Q But again you are making that on the basis of an inference. You didn't know one way or the other, correct?


A Correct.

Q DCI Casey, though, you understood was aware of this operation?

A Yes.

Q Page 74 looks like more of the same, more additional planning for the mission, am I correct, probably coming out of that same meeting?

A Yes.

Q Now let's look at page 71 and I'd like you to read what I have bracketed here in pencil, which starts: 

A Okay.

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177

Q To what do these notes refer on page 71?

A I'm just trying to get the specific. I know generally what it is, but let's see if I can get it. Do you have the page before? Oh, great, that's a big help.

I just don't quite have the specific on it, but in general it refers to, well, the hostages and -- maybe we ought to go off the record and decide what needs to go on the record.

(A discussion was held off the record.)

Q We had a discussion off the record concerning the notes on page 71 and, based on what Colonel Earl told us we're satisfied that the material there is both sensitive and that it doesn't really pertain to the subject matter of our inquiry, so we'll pass it by and go to page 70, the note in the middle of that page which reads: "Radars, Taft to release \$6.5 million? Need this to start TOWs and spare parts. If money today, 20th, equals, [REDACTED]."

A [REDACTED]

Q What's it all mean?

A I'm not sure of the part numbers again, but it's kind of one of the last items in the list of originally 239, 240, 241, however many spare parts there were, in the laundry list from the Iranians. There were two high-power radars that were added on at the end, so this concerns them.

There were two radars in stock in Lederkenny, or

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178

something like that, Pennsylvania, that were available, that were being held for the Iranians, and so there was, if we wanted to do certain things, ways to get that available so that we could get them if the decision were taken to send them to the Iranians. But it required some action at a high level on the part of the number two person at the Defense Department.

Q What does the reference here mean to \$6.5 million?

A That's the cost of the radars.

Q The cost to whom? The cost to CIA?

A The cost. That's how much those radars cost.

Again, in this Catch-22 situation, that the Iranians wouldn't put the money up until they had delivery, and DOD wouldn't release the parts until they had the money. So that in order to get movement on that there had to be a movement of money. So that was a sticking point on that.

Q On the \$6.5 million?

A Was for the radars. And this is merely a time projection, that if the money were sent today, then whatever today is on this date, then on the 20th the radars would be ready at the [REDACTED] It was looking at a time line for when the radars could be available for subsequent shipping to Tehran.

Q Then it says "new cost \$6,375 times 508." We come up with \$3,238,500. Now what did that mean, new cost?

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179

A Things were always changing. There was an earlier reference that had a different unit cost, I think, for the TOWs. It was out on the column on one of those that you showed me before that I think was slightly different. It was \$6,000-something. \$6,083. And this is \$6,375. So there's about \$300 difference in unit cost.

Q But is this the cost that was going to be charged? This was ^{the} ~~the~~ actual cost for replacing TOW missiles?

A This is --

Q Just for the record, I'm looking at the computation on page 70, the \$6,375 times 508. The 508 clearly refers to the 508 TOWs that Israel shipped in 1985, I believe. And the new cost of \$6,375 is what I am trying to understand. Is that the cost per replacement TOW or the cost of replacing each TOW to Israel?

A There's yet another price. Well, there is it.

Q The same price? Colonel Earl is showing me the same price appears on page 78 of his notes.

A But this was always confusing as to which price, real or actual, and I don't know which one we've got there.

Q Here is another note on page 78, "\$822,500 in the bank". Do you remember what that referred to?

A I'm not sure who I'm getting this from, whether it's coming from CIA, which is possible, or coming from General Secord, or Colonel North, somebody like that. It

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180

could be from either.

Q I'll try to refresh. Do you recall independently what you meant or what was meant by \$822,500 in the bank?

A No.

Q Let me try and refresh your recollection. Do you remember having a conversation with Nir around this same time, May 10-12, something like that, 1986, in which he asked you how much Israel would have to pay for the replacement TOWs and you quoted certain figures?

A Could be. I don't specifically recall that.

Q Let me ask you to probe your recollection. Do you recall any conversation with Nir in which you were quoting figures as to the cost to Israel for replacing the TOWs?

A I'm not getting a specific recollection of it, but it certainly fits into the pattern that Nir is one of the people I would talk to and pass messages on for North or whatever, or he would call up. He couldn't get North because North would be in a meeting, so he would ask me, I need to know this. So I was a middle man and relaying messages back and forth to people. And that is quite possible.

Q It would be consistent with that role?

A Sure. I'm just not specifically recalling it.

Q And if it happened, from where would you get the numbers that you gave Nir?

A If he had asked for the cost to Israel, then I

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181

would go back to CIA and ask them, and that's -- like this. No, back here, this one may have come -- the 707 cost.

Q On page 70 of your notes?

A If that's a Secord-provided aircraft, then the cost would come from Secord. If it's a military aircraft, it would come from CIA. Some of the earlier ones definitely come from CIA because they did [REDACTED]

[REDACTED] All of those numbers came from CIA.

Q The witness has just been referring to numbers on page 78.

Continuing, do you recall learning in this time period from CIA or Secord or someone that roughly \$822,500 had been set aside for Israel out of the second TOW transaction?

A I'm not specifically recalling that, no.

Q Do you remember any discussion of an amount \$822,500 which had been set aside for Israel in effect to bring down the price that Israel would have to pay for the replacement TOWs?

A There's something about that which you just described which is just starting to ring a little bit of a memory of something, discussions associated with it, but it's not enough to say yes, I remember that. But I just got something out of that that sounds familiar. But it still is not tracking to this.

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182

Q Still a very vague recollection. Well, let's not worry about the note right now on page 70. Do you have any recollection of where the money that had been set aside for Israel for the replacements had come? Where did that money originate?

A The money set aside for Israel?

Q This "\$822,500 in the bank", which had been set aside for Israel to bring down the price of the replacement TOWS. Do you know the source of those funds?

A No.

Q So if you were dealing with these funds or passing these numbers on to Nir or anyone else at that time, May 1986, you were functioning, as I understand, as a conduit, a simple messenger; correct?

A And not understanding quite a bit of what I was writing down and passing on.

Q Okay. Page 69 of your notes looks like more of the same, more data concerning the cost of the radar and shipping and so forth of the HAWKS.

A Yes.

Q There's reference on this page 69 and elsewhere in your notes to Phase II unit cost. What was Phase II?

A There were two kinds of radars, and the Phase II was a more recent one, and it was too complicated or too recent to be compatible with the HAWK system that the

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183

Iranians had, so it had to be backwards-engineered to be compatible. So we had to pay twice for it -- to become Phase II in the first place, and then backwards to Phase I.

Q At the bottom of page 69 is a note [REDACTED] with an address and an account number, [REDACTED] Whose account was that?

A I don't know.

Q You have no recollection of what that number refers to?

A No. I've seen in the times subsequent, looking at this with other people, that there are several bank account numbers that crop up over time.

Q Do you know what the initials [REDACTED] stand for?

A No.

Q Okay. Page 68 of your notes. The one I'm interested in is the entry that reads: "Tom Clines, associated with ship?" Do you recall the nature of that note and what it meant?

A What time frame are we in again?

Q We're in mid-May 1986.

A But it's before the Tehran trip?

Q Yes.

A If it were after, during the Tehran trip I would have a guess, but before it doesn't make any sense to me.

Q Did you know at that time of any involvement that

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184

Colonel North had with Tom Clines?

A No, I don't think so. There may have been some press reports, but I don't know when, whether it was back then or later, but except for press reports, no.

Q Let's look at page 64 of the notes. We're still in mid-May, 1986. I'm interested in the note at the bottom, "Phase II, \$2.8 to \$3 million each, cheaper than Phase I.

[redacted] and [redacted] Is that right?

A Right.

Q Tell me what that note means?

A This is again referring to the radars and that even though -- there was a paradox here that even though you had to pay for the backwards engineering from Phase II to Phase I, it wound up cheaper than if you bought Phase I originally, which made no sense to me.

Q And [redacted]

A I think this is separate. [redacted] doesn't mean anything to me right now. [redacted]

I think of the three the third is most likely, but

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I'm not positive.

Q Let me direct you to page 63, the note: [REDACTED]

[REDACTED] in Europe".

A "Saturday through Wednesday, 28 May."

Q "KL 43". Is that another reference to some need regarding a machine?

A Well, I believe it's [REDACTED] letting us know that he was going to be out of the country until then, and that he would check in with us when he returned, because we had just had a problem or he had made a delivery or something, so he was just keeping in touch with us if there were a problem.

Q Then there's a whole series of alphabetical letters and some numbers. Is that a code?

A Probably.

Q Do you remember what this coded page 63 referred to?

A No.

Q We'll take one final entry for today and then we'll schedule to resume. Page 62 of the notes, 19 May, at the bottom: "Charlie, conversation with Ghorba."

A "This weekend, more money moving Tuesday, Saturday, Sunday, ready to receive Mr. Robert" -- Mr. Robert?

Q "Boxes in good shape". "Boxes" refers to hostages?

A Yes. "Ready when Robert hits P&T." Point Tango,

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186

got it. When Robert -- I'm trying to figure out who Robert is.

Q Would it be Bud McFarlane?

A Yeah. That's the way I interpret it.

Q Tell me what you think the notes on page 62 mean.

A That Charlie Allen had had a conversation with Ghorbanifar over the weekend. Ghorbanifar had told Charlie that more money was moving Tuesday, that on Saturday and Sunday they would be ready to receive Bud McFarlane, that the hostages were in good shape and that they would be ready, they, the hostages, would be ready when McFarlane hit Point Tango, which is Tehran.

MR. BELNICK: Thank you. We will resume at a later date.

(Whereupon, at 3:12 p.m., the taking of the instant deposition recessed, to reconvene at 9:00 a.m., May 22, 1987.)

Signature of the Witness

Subscribed and sworn to before me this _____ day
of 1987.

Notary Public

My Commission Expires: _____

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 Stenographic Transcript of

HEARINGS

ORIGINAL

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
 TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

TESTIMONY OF ROBERT L. EARL

Friday, May 22, 1987

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Washington, D.C.

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1

TESTIMONY OF ROBERT L. EARL

Friday, May 22, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Continued deposition of ROBERT L. EARL, called

as a witness by counsel for the Select Committee, at the
offices of the Select Committee, Room SH-901, Hart Senate
Office Building, Washington, D. C., commencing at 9:05
a.m., the witness having been previously duly sworn, and
the testimony being taken down by Stenomask by ANNE
PELLECCHIA HOROWITZ and transcribed under her direction.

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2

1 **APPEARANCES:**

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 ARTHUR LIMAN, ESQ.

6 Chief Counsel

7 MARK BELNICK, ESQ.

8 Executive Assistant to the Chief Counsel

9 TERRY SMILJANICH, ESQ.

10 VICTORIA NOURSE, ESQ.

11 On behalf of Senator Mitchell:

12 RICHARD A. ARENBERG

13 Administrative Assistant

14 On behalf of the House Select Committee to
15 Investigate Covert Arms Transactions with Iran:

16 RICHARD J. LEON, ESQ.

17 Deputy Chief Minority Counsel

18 On behalf of the witness:

19 DENNIS DEAN KIRK, ESQ.

20 Suite 1213, National Place

21 1331 Pennsylvania Avenue, N.W.

22 Washington, D. C. 20004

23

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3

1

C O N T E N T S

2

EXAMINATION ON BEHALF OF

3

WITNESS

SENATE

HOUSE

4

Robert L. Earl

5

By Mr. Belnick

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E X H I B I T S

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EARL EXHIBIT NUMBER

FOR IDENTIFICATION

13

1A

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4

P R O C E E D I N G S

Whereupon,

ROBERT L. EARL,

called as a witness by counsel on behalf of the Senate Select Committee and having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. BELNICK:

Q Colonel Earl, you recognize you are still under oath?

A Yes.

Q We will continue with your notes from last time. We are up to numbered page 61, which is May 19, 1986. There is a reference to [REDACTED] and then under it "1300 CIA" and there are some names - [REDACTED] Second, Earl, North, et cetera. Could you please explain those notes?

A I think that the arrow coming down tends to point up to the line and that the two are related, and that because of this 1300 CIA appointment with these folks, the appointment with [REDACTED] was going to have to be moved to 1600, so I think they are related in terms of scheduling but not substance.

Q [REDACTED] had nothing to do with the meeting?

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1 A The meeting was Secord, Earl, [REDACTED] Cave,
2 and Dunn at CIA.

3 Q He will be delighted to have had you so
4 confirm. I take it [REDACTED] has nothing to do with
5 the Iran compartment or anything else we are looking at,
6 right?

7 A No. As we talked last time, it was strictly
8 he was a consultant or one of the persons we talked to on
9 the task force, although this is May.

10 Q May '86?

11 A I'm not quite sure who we had an appointment
12 with or why on this date. It was probably with Colonel
13 North, but I'm not sure. That would probably show up on
14 his appointments calendar. It was not related; that much
15 I'm pretty sure of.

16 Q Okay. Did you have the meeting with [REDACTED]
17 Secord, North, [REDACTED] Cave, and Dunn that's recorded on
18 the May 19 entry?

19 A Do you know what day of the week? It must be
20 a weekday.

21 Q We can find out. I don't have it offhand. We
22 need a 1985 calendar -- '86, rather.

23 A I recall a meeting.

24 MR. LIMAN: You indicated you asked whether it
25 was a weekday. Is that because you recall a meeting on a

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6

1 weekend?

2 THE WITNESS: That's what I started to think
3 about, but now I'm not sure. There is more than one
4 meeting. I have a visual recollection of one in the DDO.

5 BY MR. BELNICK: (Resuming)

6 Q Clair George?

7 A Clair George's office. I was thinking that
8 was a weekend, but now I'm not sure. It might have been
9 a weekday as well. But there were other meetings in
10 weekdays because I can recall one. At one of the
11 meetings -- it may not be the one with Clair George, but
12 on one of the meetings coming out through the front
13 entrance there were all kinds of people coming and going.
14 It was clearly a weekday.

15 And I also have a recollection of coming in
16 the back entrance on a weekend when nobody was around,
17 but that one may not have been the May time frame. That
18 may have been leading up to one of the later releases.

19 Q I have a calendar. May 19, 1986 was a Monday.

20 A Okay. I can't, independently of this, recall
21 that yes, it occurred on that day. It's probable that it
22 did, but it would have been one of the lead-up meetings
23 prior to the Tehran visit by McFarlane, North and others,
24 dealing with all the operational and logistics aspects of
25 the Tehran thing, trip.

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1 Q Okay. Going down the page, still on page 61,
2 there is a reference to Nir with some numbers. Is that a
3 description of him physically -- 5'7", 155 pounds?

4 A Yes.

5 Q What was the purpose of that entry?

6 A The purpose of that entry was to have his
7 physical particulars so that his [REDACTED] passport could be
8 prepared.

9 Q Okay. Let's move on. The next page I have
10 marked is page 57 of your notes, and from the surrounding
11 pages this is still May 1986. You will notice near the
12 bottom of the page it says "Weinberger", then "Casey,
13 George, [REDACTED] Clarridge, Cave, Allen, Shultz, Koch" --
14 K-o-c-h.

15 A Koch, Noel Koch, yes.

16 Q Now I want to go over this entry in some
17 detail. Let me ask you first who was Noel Koch?

18 A Okay. Noel Koch was -- I'm not sure of his
19 exact title, but he was a fairly senior Department of
20 Defense official in OSD and worked, I believe, for
21 Richard Armitage, was a deputy to Richard Armitage.

22 Q Did you meet Koch in connection with the Iran
23 initiative?

24 A I don't think so, but let me just read this
25 and refresh my memory on this entry.

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8

1 Q You are looking at the notes on page 57. You
2 can start anywhere. I have just marked the bottom
3 portion of the page.

4 A The bottom is what you are interested in?

5 Q Yes.

6 A May we go off the record for a minute?

7 Q Yes.

8 (A discussion was held off the record.)

9 BY MR. BELNICK: (Resuming)

10 Q Back on the record. Please proceed.

11 A I'm not positive of this, but from the
12 context, particularly the last two entries, I think that
13 this is an attempt to come to grips with who was in the
14 compartment and to what extent they are in the
15 compartment as far as knowing compartments within
16 compartments. So it is a listing of people who know at
17 least some of which, some of the compartment, the Iran
18 compartment.

19 Q Where did you get the list from?

20 A I think it was from Colonel North. That would
21 be my best guess, but I don't have a distinct
22 recollection of how I acquired that.

23 Q You can't recall in what context you got it?

24 A No. It's possible it was related to some of
25 these workups out at CIA and getting me up to speed on my

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9

1 portions of the operation.

2 Q I was going to ask about this entry under Vice
3 President. Does that say "Fuller knows some of it"?

4 A Yes, it does.

5 Q That's a reference to Craig Fuller?

6 A Craig Fuller, yes.

7 Q Do you know which part of it he was familiar
8 with?

9 A No, I don't think so. I think my knowledge at
10 the time was strictly that.

11 Q Don Regan knows some of it? Is that who this
12 is a reference to, Regan?

13 A Well, it's written Reagan.

14 Q I understand. Who did you mean?

15 A I'm not sure. It's quite possible I miswrote
16 and meant Regan, but I don't know.

17 MR. LIMAN: May I ask, on this part you
18 indicate President, Vice President and Poindexter on top.

19 THE WITNESS: As being in the compartment.

20 MR. LIMAN: As being in the compartment. And
21 then after them you list Reagan.

22 THE WITNESS: And I think I mean Regan.

23 MR. LIMAN: You think you mean Don Regan on
24 that?

25 THE WITNESS: I think so. I'm not positive,

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1 but, as you correctly point out, it doesn't make any
2 sense. It's a redundant listing of the President, so I
3 think it must mean Regan, even though I wrote it Reagan.

4 MR. LIMAN: And the date of this note?

5 MR. BELNICK: There is no date, but it looks
6 like it's May 19.

7 MR. LIMAN: And, as I understand it, by May 19
8 you had been told that some of the money from the
9 proceeds would be funneled to the contras?

10 THE WITNESS: I'm not sure exactly when I knew
11 that.

12 MR. LIMAN: But you knew it in time in
13 connection with the Tehran trip, as I understand your
14 prior testimony is when you place it.

15 THE WITNESS: I think that's the best guess.
16 I cannot be positive exactly when, but I think the best
17 guess is that it's in this general time frame of workup
18 toward the Tehran trip.

19 MR. LIMAN: Now, when you are talking about
20 people knowing some of it, others knowing more of it, I
21 mean, you are indicating that people know parts of it.
22 Are you including in that compartment, what you call
23 compartment, the diversion of money to the contras?

24 THE WITNESS: My knowledge in writing this
25 note would not refer specifically to any particular fact

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11

1 or part but merely generically that there is a big box,
2 referring to the whole Iran operation, and that there are
3 boxes within that or parts of that. But it doesn't refer
4 to any particular sub-box or sub-compartment.

5 MR. LIMAN: As you looked at it conceptually,
6 you see a compartment as a box which contains
7 information.

8 THE WITNESS: Correct.

9 MR. LIMAN: And that information is secret
10 information, whether it's top secret or codeword, but
11 it's secret information; correct?

12 THE WITNESS: It is classified information of
13 varying degrees of classification. But it is all further
14 compartmentalized and treated as a compartment separate
15 from its classification, and it may even include
16 unclassified data that is still compartmented.

17 MR. LIMAN: Now, if I can think of it in terms
18 of a box which may have different drawers in it because
19 it is sub-compartmentalized, within this general box of
20 Iran did you consider the diversion of funds to the
21 contras to be part of it?

22 THE WITNESS: Yes, I did.

23 MR. LIMAN: I'm sorry.

24 THE WITNESS: Being at least one part. It may
25 have been the innermost box or it may have overlapped

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12

1 with other sub-boxes, but it was within that compartment,
2 yes.

3 MR. LIMAN: And do you know now whether when
4 you talked about the fact that people knew some of it
5 whether you were referring to the fact that they did not
6 know that subpart involving the contras?

7 THE WITNESS: I do not know whether that
8 referred either way on that issue. It may or may not
9 have been part of it.

10 BY MR. BELNICK: (Resuming)

11 Q But if there is no qualification, if you are
12 just listing the people who know about it, then, as you
13 understood it, they knew about the whole box?

14 MR. KIRK: Off the record for a second.

15 (A discussion was held off the record.)

16 BY MR. BELNICK: (Resuming)

17 Q Back on the record.

18 A The answer to your question is that no, when I
19 wrote that I don't think I necessarily meant that even
20 the people who have no caveats attached implied that they
21 knew absolutely everything in the box. But it was some
22 sort of differentiation of people that clearly were only
23 in part of it, kind of incidentally, whereas the other
24 people were generally in the box, not necessarily knowing
25 all of it, however.

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13

1 Q Who is Don Jones?

2 A I don't know. I'm not getting a recollection
3 at all. I don't know.

4 Q But why did you make the note? Why was it
5 relevant to you to know who was in the box in whole or in
6 part?

7 A What's the next page? Could I see the page
8 above it so I can get the context on both sides?

9 Q Certainly.

10 (Pause.)

11 A Can we go back one further page, please?

12 Q Sure. So now the witness has pages 56, 7, 8
13 and 9 before him.

14 (Pause.)

15 A Okay. And can we go forward until we get to
16 the next date?

17 Q Sure.

18 MR. LIMAN: You can have all of your notes.

19 BY MR. BELNICK: (Resuming)

20 Q Here is page 55. Here we go. Fifty-four
21 starts a new date. It appears to start May 20.

22 MR. LIMAN: And the trip was May 27.

23 THE WITNESS: Okay. It appears that my notes
24 of this meeting at CIA headquarters on 19 May began here,
25 on page 59, and I was looking for how far they go

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14

1 through, and I can't find the exact stopping point. But
2 I think -- and I'm not positive of this -- that we're
3 still in the meeting on page 57, that this is some
4 discussion in that meeting of who is in the compartment
5 and who isn't for the purposes of all assembled to know
6 who they could deal with and who not to deal with in
7 implementing the op plan and effect the trip.

8 BY MR. BELNICK: (Resuming)

9 Q Okay, fine. Thanks.

10 MR. LIMAN: Now there was no discussion at
11 that meeting of giving money to the contras?

12 THE WITNESS: No.

13 MR. LIMAN: So that when they were talking
14 about who knew and who didn't know, they were talking
15 really about the Iranian transaction as such?

16 THE WITNESS: Correct.

17 BY MR. BELNICK: (Resuming)

18 Q And you recall somebody saying at that meeting
19 that Secretary Shultz knew about the Iranian --

20 A That he was in the box generally.

21 Q And so was Noel Koch?

22 A Correct.

23 Q And so was Don Jones, who you can't recall?

24 A Yeah. I'm getting a blank on that name
25 completely. I don't know who Don Jones is.

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15

1 Q Did you know at that time that Teicher was
2 going to Tehran?

3 A Yes, I did.

4 Q Teicher you knew was going to Tehran but
5 nevertheless somebody said he only knew part of the
6 compartment?

7 A Yes.

8 Q And you can't recall now, as you answered to
9 Arthur before, what part he knew and what part he didn't
10 know?

11 A No, although I have some related information
12 before or after, I think after. My memory is that
13 Teicher didn't know much of anything about the arms side
14 of this and really only found out because he was in the
15 airplane, and that's when he was formally brought into
16 that part of it, or compartment.

17 Q All right. We are moving now to page 45 of
18 your notes, which don't have a date on them themselves
19 but the nearest date at page 47 is 22 May 1986. The part
20 that I'm interested in on 45 appears to be that -- is
21 that your code again?

22 A That is -- that wasn't my code. That was a
23 Nir code.

24 Q How would you have written this note? That
25 is, were you taking it from the telephone? Was somebody

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

16

1 communicating this to you?

2 A Probably from the telephone, yes.

3 Q And this is the code that we can break with --

4 A That which you have.

5 Q The document we have. You can't make any
6 sense just out of looking at it, can you?

7 A I think I might.

8 Q Great. Go ahead.

9 A The first question from Nir is, are the
10 passports [REDACTED] and my response to him was yes, or would
11 have been to him yes. The second question is what is the
12 tail number of the first -- and I will need the code.
13 sheet to determine exactly, but tail number indicates to
14 me aircraft, so he's asking for some aircraft tail
15 number. And I have to get the code to see exactly which
16 aircraft he is asking about, whether it's one coming into
17 Tel Aviv or one to Tehran or what.

18 How will it, the aircraft, identify itself to
19 the tower in Iran? Saturday. And I think that's the end
20 of that message.

21 Q Okay. Then next entry that I have marked is
22 at page 43, May 23, '86. And it's an entry in the middle
23 of the page that refers to Rich Miller on the left, with
24 the Lake Resources account number, "call Texas man", and
25 on the right is Ross Perot.

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/COBWORD~~

17

1 I want you to take a look at that whole entry
2 and then explain it to us, please.

3 (Pause.)

4 A Can I see --

5 Q Sure. Which page would you like?

6 A The one after this, 42.

7 (Pause.)

8 Q If you take a look at page 44, there are some
9 references to Rich Miller on that page as well.

10 A I'm just trying to get everything here. I'm
11 still confused on it.

12 (Pause.)

13 I am not sure whether this is --

14 Q Pointing to the note on page 43?

15 A Right. A call that I received from Rich
16 Miller with this information or if it's a note that
17 Colonel North has given me to give to Rich Miller.
18 That's why I'm looking for context and timing, to see if
19 I can get which one of those two. But it seems to me to
20 be one or the other.

21 Q Do you think Rich Miller may have given you
22 the Lake Resources account number?

23 A That's possible. I don't know which way this
24 goes.

25 MR. LIMAN: Will this be the first time you

~~TOP SECRET/COBWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

18

1 had the Lake Resources account number?

2 THE WITNESS: I think so. Previous to seeing
3 this the first time, again about a month ago, I would
4 have said that I didn't have any of that, and so I didn't
5 realize that at one point that I had been given the
6 account number for that. My recollection of account
7 numbers was strictly when the CIA called me up and said
8 the money hasn't arrived; here's our account number.
9 They gave it to me very carefully so that I could make
10 sure there was no error in passing the number on to
11 Secord.

12 But there are other numbers in my book as
13 well, such as this one, that I hadn't remembered.

14 Let me set the general context because I'm
15 still having trouble placing this exactly. This
16 eventually involved the DEA operation with a group that
17 had said that they would be able to obtain one or more
18 hostages and turn them over to the DEA agents, and it
19 eventually wound up being, the plan was to be an at-sea
20 turnover. And this is connected to that.

21 BY MR. BELNICK: (Resuming)

22 Q The note on page 43?

23 A The note concerning Ross Perot is because Ross
24 Perot's representative, Jay somebody, eventually came to
25 my office, Colonel North's office where I was. Colonel

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

19

1 North was already abroad and was working the details of
2 this out and eventually wound up flying to the region to
3 be on board this ship for the turnover, if it had
4 occurred.

5 The reason that this is all confused in my
6 mind is that at one point in this week or two-week
7 period, working up and getting him briefed and getting
8 all this information about the Iran trip, Colonel North
9 had confided to me that the thing, that this whole
10 process had so affected him that he had even conceived of
11 a plan that he could get money from Ross Perot for the
12 contras by having him deposit some money ostensibly for
13 hostages, but that it would go to the contras.

14 MR. LIMAN: Would you explain that more?

15 THE WITNESS: Well, it was never clear to me,
16 because when I first met with --

17 BY MR. BELNICK: (Resuming)

18 Q Jay?

19 A Jay, and this DEA operation was occurring, the
20 remembrance of that conversation occurred to me, and I
21 feared that we were in that.

22 Q The remembrance of your conversation with
23 Ollie?

24 A Yes, that this was somehow related to that.
25 And it turned out subsequently that I was wrong.

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/COBROW~~

20 -

1 MR. LIMAN: But was what Colonel North said to
2 you in substance that the money that Perot had pledged to
3 help get the hostages could be used for the contras?

4 THE WITNESS: Yes.

5 MR. LIMAN: And therefore you were concerned
6 that when the Perot representative came to you, that that
7 was what was occurring and then you found out that no --

8 THE WITNESS: That it wasn't.

9 MR. LIMAN: And that he was giving the money
10 really for the hostages?

11 THE WITNESS: Exactly. I was greatly relieved
12 once I realized what was actually occurring because that
13 troubled me. I didn't mind at all taking the Ayatollah's
14 money for that purpose.

15 BY MR. BELNICK: (Resuming)

16 Q But taking Perot's would be something else.
17 How much did Perot give?

18 A I don't think he wound up giving anything.
19 The DEA operation didn't materialize. There was no
20 transfer at sea. And that's where I think the money was
21 to have been transferred. I don't recall the amount, but
22 I think it was on the order of \$1 million that was being
23 talked about for a transfer.

24 Q Did Mr. Perot deliver any part of that?

25 A Well, I think Jay, whatever his last name is--

~~TOP SECRET/COBROW~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/COBDEWORD~~

21

1 Q You can't recall his last name?

2 A No, but I think it's probably in my notes
3 elsewhere, had access to it out there.

4 Q Access to?

5 A The money, that he had brought it with him or
6 he had picked it up en route at a bank, or that he was
7 going to be the custodian of Ross Perot's money to affect
8 the transaction, if it occurred, when the hostage
9 materialized.

10 Q So far as you know, was any of Ross Perot's
11 money delivered to North?

12 A Not to my knowledge, no.

13 Q Any walking around money, something to start
14 the operation to give to the DEA agents?

15 A Not that I know of, no.

16 Q What was your meeting with Jay?

17 A Well, again my recollection of this whole
18 thing is very confused. But he came to the office to get
19 more information about this operation that was occurring,
20 and I was trying to fill him in about an operation I
21 didn't understand. So I was not being very helpful to
22 him because I didn't understand what was going on.

23 At one point, I met, though, with a DEA agent
24 and acquired more details from him on the operation so
25 that I was able to then brief Jay and get the operation

~~TOP SECRET/COBDEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

22

1 moving.

2 One of the missing elements in the operation,
3 as it began to evolve, was a boat, a sufficiently large
4 and safe boat, on which to effect the transfer off the
5 coast of Lebanon. And so I went to JCS to see if we had
6 any naval vessels in the area that could be moved and
7 serve as a platform and received the answer back that
8 there was nothing at that point available in the eastern
9 Mediterranean.

10 Q Did you find a solution for the boat?

11 A Yes. I then turned to Dick Secord, who was at
12 that time in Tel Aviv, and explained to him that there's
13 this operation that I'm not sure of. It appears to be
14 occurring separate from the one we were working on
15 Tehran, and that I couldn't get a boat from other
16 sources. Did he have any ideas? And he did and was able
17 to get and did move a boat to Cyprus.

18 MR. LIMAN: Was that the Erria?

19 THE WITNESS: I believe it was, yes. I'm not
20 positive of that, but the name might occur in my notes
21 and we could confirm that.

22 BY MR. BELNICK: (Resuming)

23 Q Who suggested that you call General Secord
24 about the boat?

25 A I did. I was ad libbing without instructions

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/COBWORD~~

23

when[?]
1 and went the Defense Department was unable to provide I
2 knew that Colonel North had a lot of faith in General
3 Secord and that he seemed to be a person that could get
4 things done when the traditional bureaucracy could not.
5 And so I was sharing my problem with him to see if he
6 could help, and he could.

7 Q You telephoned him in Tel Aviv?

8 A Yes. I talked on the telephone. I'm not sure
9 how we communicated. We may have used a KL-43 for that.
10 I think we did, for protection of the information because
11 it was obviously sensitive.

12 Q How was Rich Miller connected to this DEA
13 operation?

14 A Well, that's where I'm drawing a blank. I
15 don't know which way this occurs right now and the date.
16 There is something about the date that isn't tracking
17 right.

18 Q May 23? It was a Friday, if that's any help.
19 I think they left for Tehran that day, didn't they? The
20 mission, I think, took off on the 23rd and got under way.

21 A I'm no longer certain. I'm pretty sure that
22 Colonel North was gone at this point; otherwise, I would
23 not have been groping for how to solve this problem. But
24 I'm not positive. Like I say, it could have gone either
25 way -- either to Rich Miller or from Rich Miller. But I

~~TOP SECRET/COBWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

24

1 think this is a call from Rich Miller telling me to call
2 the Texas man, who would be Ross Perot, and give him --

3 Q The Lake Resources information?

4 A Give him this information, yes.

5 Q Do you recall whether Rich Miller had any
6 connection with the DEA plan, the DEA operation?

7 A I don't recall any subsequent involvement, no.

8 Q Or any involvement apart from telling you to
9 give the Texas man this account number?

10 A I don't believe so. I don't recall any right
11 now.

12 Q Colonel North never discussed with you Rich
13 Miller's role or knowledge of the proposed DEA operation?

14 A Well, I don't think Colonel North discussed
15 the DEA operation with me at all, which was part of my
16 problem.

17 Q How did you learn of it?

18 A By putting everything together when this all
19 started to occur and getting in contact with the DEA
20 individual and getting the details on the DEA operation
21 from him.

22 Q Who is "he"?

23 A I'd have to have my calendar -- not calendar
24 but list of phone numbers and names. It's one of the
25 ones on there.

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

25

1 Q How did you know whether this was an
2 authorized operation?

3 A Okay. That's what I was looking for. Can we
4 go off the record so I can read this?

5 Q Yes, sure. Go right ahead.

6 (Pause.)

7 Back on the record. Colonel Earl?

8 A Okay. One of the names that you earlier asked
9 for, the DEA agent, [REDACTED] is one of at least two
10 individuals that I knew Colonel North dealt with, that I
11 talked to on the phone, and may be the one that I met
12 with in this time frame, although again it may be the
13 other one. I'm not sure.

14 Q Was the other agent named [REDACTED], or was he one
15 of the other agents?

16 A Do you know [REDACTED] first name? Is it [REDACTED],
17 [REDACTED]?

18 Q I'm not sure. We'll check.

19 A I think so, but I'm not positive.

20 Q Having looked at some additional pages of your
21 notes, and let the record reflect that the witness has
22 before him pages numbered 40 through 44 of his notes, my
23 pending question was how did you find out that this was
24 an authorized operation in light of the fact that North
25 hadn't discussed it with you and that you were picking up

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED
~~TOP SECRET/CODEWORD~~

26

1 bits and pieces.

2 A Well, there is later a message that I sent to
3 Colonel North.

4 Q Reflected on page 41 of your notes?

5 A Forty-one, that lays out what is occurring
6 back here in Washington that I'm trying to deal with and
7 seeking his guidance. And subsequently he -- I don't see
8 in the notes --

9 Q You recall?

10 A I know that he confirmed to me about the DEA
11 operation and I think even said yeah, that's one I forgot
12 to brief you on or should have and didn't, or something
13 to that effect. There's no question in my mind that
14 after he got back to me, when I passed him the message
15 about what was occurring, he informed me to pursue it,
16 and I think confirmed my actions with Secord, that that
17 was the right thing to have done and so forth.

18 Q Did North ever tell you, either on that
19 occasion or subsequently, who was in the DEA box?

20 A No.

21 Q Okay. If I may have the papers, and the note
22 on page 40, in which you refer to [REDACTED] and
23 that's the DEA agent, and these notes are additional
24 references to the proposed plan?

25 A The DEA operation. There are people being out

~~TOP SECRET/CODEWORD~~

UNCLASSIFIED

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

27

1 in a particular place that I can tell you where, if you
2 need to --

3 Q It's not necessary. Page 39 of your notes, 24
4 May, code name for Ross equals Ralph. Is that Ross
5 Perot?

6 A Correct.

7 Q And this is more about the DEA operation?

8 A Yes, I think so. Let me read the rest of it.

9 (Pause.)

10 Yes. The Ross Perot/DEA operation, yes.

11 Q What does this mean "he balked at first plan
12 depositing after delivery. He couldn't see second plan
13 either, cash, messy, hard to get over holiday weekend.
14 Wants failsafe plan since they ripped us off every time."

15 A This was what really raised the issue with me
16 having to deal with Ross Perot's reservations with
17 certain portions of the plan as he understood it, and
18 that Jay was trying to acquire details for him. And not
19 being familiar with the plan I couldn't resolve, and so I
20 am passing or making notes to myself to pass to Colonel
21 North, giving him feedback on how the thing was evolving
22 in Washington.

23 Q What did you understand Jay to mean when he
24 said that they have ripped us off every time?

25 A "They" being, I think, the Iranians or whoever

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

28

1 was alleging that they could deliver the hostages -- the
2 Lebanese Shia or faction in Lebanon.

3 Q Did you understand from Jay that there had
4 been prior attempts that Perot was involved in to get the
5 hostages out?

6 A I don't think anybody said that explicitly,
7 but by context in dealing with Jay there seemed to be a
8 longstanding relationship. To me it seemed that they had
9 dealt previously on hostage issues and so I was coming in
10 midway along in the operation, that people had dealt with
11 on this thing before.

12 Q Okay. On page 38 you have a note in the
13 middle of the page that reads: "JMP, RCM, and OLN --
14 long relationship". What was that note all about?

15 A I don't know. I'm getting a blank. It
16 doesn't appear to be related to anything top or bottom.

17 Q Those are Poindexter's, McFarlane's, and
18 North's initials, right?

19 A Yes, those are the three individuals, but I'm
20 drawing a blank on what it means, why I wrote it.

21 Q Okay.

22 A Not right now. I can't place it.

23 Q Does it help recalling this is the period they
24 are in Tehran -- McFarlane and North?

25 A No.

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

29

1 MR. LIMAN: Mark, can I ask some questions?

2 MR. BELNICK: Yes.

3 MR. LIMAN: Did North tell you why they had
4 selected Bud McFarlane for the trip?

5 THE WITNESS: I don't think so, not
6 explicitly. The question didn't really arise in my mind.
7 It seemed logical to me, because of his previous
8 involvement on it, that he could be an ideal intermediary
9 because of his previous job -- not in the government now
10 -- for this meeting with senior Iranian officials. It
11 didn't occur to me to even ask the question.

12 MR. LIMAN: Did you know that North had a
13 close relationship with McFarlane? It's been described
14 as father-son by some people.

15 THE WITNESS: I am aware of that now, but I'm
16 not sure when I read those press reports or heard Mr.
17 McFarlane having stated something to that effect. I
18 think that may have been after May, but I'm not sure what
19 I knew then. I think I knew that they had great respect
20 for each other -- it was mutual -- at that time.

21 BY MR. BELNICK: (Resuming)

22 Q Moving on to page 33, which appears to be a
23 note from May 26, at the top of the page is that a report
24 in from Tehran?

25 A Can I see the page before?

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

30

1 Q Sure, page 34.

2 (Pause.)

3 A It appears to be my note that one of the radio
4 calls back from Mr. McFarlane concerned the issue of
5 whether to remain in Tehran to continue to negotiate, or
6 to leave Tehran. But I'm not getting anything else on
7 either side of it to give anything more than that.

8 Q Can you -- excuse me one moment. I have an
9 emergency call here. Excuse me one second.

10 (Pause.)

11 Q When we broke we were looking at the message
12 on page 33. So McFarlane was looking for guidance as to
13 whether to stay in Tehran or to go. To whom was he
14 addressing that question?

15 A It would have been passed to Admiral
16 Poindexter and ultimately the President.

17 Q Do you recall passing the message to Admiral
18 Poindexter?

19 A Not specifically, but certainly anything that
20 I got would have been passed to him either personally or
21 in a phone call, or I would probably have gone over to
22 see him.

23 Q Do you have a recollection of what Admiral
24 Poindexter told you?

25 A No, not in the specific context of this remark

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

31

1 and whether it occurred right here. My recollection is
2 that Admiral Poindexter was involved whenever necessary
3 in guiding the operation, and toward the later stages, as
4 it turned out that the Iranians were expecting something
5 different than what we had in our understanding --
6 whether it was miscommunication or deliberate deception
7 on Ghorbanifar's part and there was not this meeting of
8 the minds as had been hoped -- that there were extensive
9 secure voice radio calls direct between Admiral
10 Poindexter and Bud McFarlane.

11 So that they would have worked out that sort
12 of thing, the tactics of the negotiations, directly. I
13 only could hear Admiral Poindexter's side of the
14 conversation, although CIA can give you both sides.

15 Q All three sides, in fact.

16 At the bottom of page 33 there is a note "Jay
17 in D. C. tomorrow". That refers to Perot's
18 representative?

19 A Let me look. Yes.

20 Q And then part of that note reads: "0100
21 Beirut, Wednesday -- transfer." I guess that's referring
22 to the proposed plan.

23 A The proposed transfer of a hostage, yes.

24 Q As part of this DEA operation, correct?

25 A Correct.

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

32

1 Q Then the note reads: "300K immediately to
2 Lebanon to show good faith". Who told you that \$300,000
3 had to be transferred immediately to Lebanon to show good
4 faith?

5 A May I see the next page after this one?

6 Q You have page 34 and 33. Here is page 32,
7 which does have a note about the DEA. It's dated May 26.

8 A In fact, there is [REDACTED]

9 Q Then it says "Earl to Copp. I met with [REDACTED]
10 to get more details", et cetera.

11 (Pause.)

12 A I think that this would have -- that I would
13 have received this information, particularly your
14 information about the \$300K, from [REDACTED] either
15 by phone or by personal meeting. I'm not sure which.
16 They were the ones who were dealing with the faction that
17 was claiming to have some control or suasion over the
18 hostages, the hostage-holders, and would be able to,
19 however they were going to obtain, at least one, that
20 there was a wrinkle in the negotiations, that this was,
21 from their side, the faction's side, a request that was
22 being relayed to help move this thing along.

23 Q Now did you understand the factions were
24 asking for ransom payments?

25 A Well, it's not clear to me exactly how this

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

33

1 thing was going to occur. It was that through DEA's
2 contacts with this faction and their cooperation or work
3 together in the past on other things led to this offer
4 from the faction's side of some ability to be able to get
5 their hands on at least one hostage and maybe more, and
6 this that was involved would be transferred to the
7 faction that would be delivering.

8 Now what that money was going to be used for
9 by the faction was never clear, whether they were going
10 to use it to pay off the hostage-holders, in effect
11 acting as an intermediary on the bribe or ransom, or
12 whether it was going to be used to fund whatever their
13 operation was to acquire this hostage. That was never
14 laid out.

15 Q But our side of it -- that is, the U.S. side
16 of it -- was to pay money in exchange for getting the
17 hostages out?

18 A It was to pay money to the faction. The
19 transfer at sea would have been one hostage put on the
20 boat and \$1 million would be delivered to the faction --
21 not the hostage-holders but the faction that had acquired
22 the hostage from the hostage-holders.

23 Q Do you know whether this faction was part of
24 the hostage-holding group or not?

25 A I knew they were not.

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

34

1 Q How did you know that?

2 A Well, I know what faction is and I know it's
3 not the faction that's holding the hostages.

4 Q Okay.

5 A Off the record?

6 (A discussion was held off the record.)

7 BY MR. BELNICK: (Resuming)

8 Q Okay. Let's go to page 31, notes that appear
9 still to be on May 26 referring to Tehran. It starts:
10 "For JMP, guidance on team split or Bud's call".

11 A I'll read it for you, if you want me to.

12 Q Why don't you read the notes? You will
13 recognize them better.

14 A Let me just read quickly both sides.

15 (Pause.)

16 All right. Okay. This is a note that I am to
17 deliver to Admiral Poindexter. Three points. Point
18 number one is that the team in Tehran needs guidance on
19 the issue of whether -- guidance on whether the team
20 should split up, that some portion of the team should
21 return, which would probably be Bud and some of the
22 others, and that a residual would remain to continue to
23 negotiate, and that there were some hopeful signs, but
24 because of the mismatch on understanding at the beginning
25 that it was taking time to build confidence and converge

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/COBDEWORD~~

35

1 on the solution -- whether that would be a decision taken
2 in Washington by Admiral Poindexter and the President or
3 whether it would be delegated to Bud McFarlane to make
4 that judgment.

5 Secondly, do you know the time of Bud's
6 requirement here Thursday? One of the driver's for Bud's
7 return was that he had a speaking engagement or some kind
8 of obligation in Washington and so he would be missed
9 from that and op sec would be jeopardized if the press
10 began to pick up that he was gone from Washington for
11 this period. So it was an op sec worry -- operational
12 security.

13 And three, Bud's wife, home.

14 Q We can pass that one.

15 A I think it's personal.

16 Q I'm sure it is.

17 Moving down the page, it says: "Bud, extreme
18 paranoia, met by Ghorba and [REDACTED], et cetera. What are
19 those notes about?

20 A This is a note from Bud McFarlane which is a
21 recap of some of the issues, the status of the
22 negotiations as they are occurring there for me to pass to
23 Admiral Poindexter and further up the chain. Do you want
24 me to explain them?

25 Q If you would.

~~TOP SECRET/COBDEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

36

1 A That our team in Tehran had been met by Ghorba
2 and one other person, who I prefer not to name.

3 Q An Iranian, correct?

4 A Correct. That there was extreme paranoia in
5 the country amongst the Iranians, although we knew that
6 going in. Just going there and seeing it firsthand and
7 observing it made it even more crystal clear that it was
8 not rubbish, that it was real, that these folks were
9 paranoid about us and that that was one of the problems
10 with getting cooperation, that this first meeting was
11 only a foundation meeting, as the way it turned out, that
12 there had been a bad faith accusation that not all the
13 supplies were delivered quickly on their part when the
14 team arrived without the 500 TOW parts, which was
15 apparently the misunderstanding between the two sides,
16 that the Iranians claimed at least that they thought the
17 500 parts would arrive, and so they accused us of bad
18 faith.

19 And Bud is saying here that they were able to
20 explain that very quickly, the miscommunications between
21 the two sides, and I think most people recognized that
22 Ghorbanifar was instrumental in causing that
23 miscommunication by his telling each side what he thought
24 it wanted to hear and not being a faithful intermediary.

25 Our plan had been to leave the crew on the

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

37

1 airplane to protect the airplane, the TOW parts that were
2 on it and so forth, and that they didn't stand for that
3 and removed the crew from the airplane, but that they
4 eventually apologized for having done that. Again, that
5 was their first reaction on paranoia, but as they began
6 to talk to us they began to realize that they had
7 overreacted.

8 However, they still cannot overcome the trauma
9 of speaking with the great Satan. That is still a hangup
10 with them. The paranoia is real. And that Bud had
11 stressed to one of the Iranian intermediaries at this
12 meeting that we must first remove the obstacle, the
13 principal obstacle, all the obstacles to the
14 normalization of relations with the United States. In
15 other words, the hostage issue is the sine qua non.
16 Without that, we cannot proceed with the development of
17 the strategic relationship, that that was an obstacle,
18 and Bud reinforced that with the Iranian side.

19 So that we accomplished that firsthand,
20 direct, for the first time. We've made that point in the
21 past to them, but never direct, and now we were making it
22 direct to them without this intermediary who was
23 filtering everything.

24 A couple of milestones that had been obtained
25 in this meeting, that with the time of several days of

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38

1 face-to-face negotiation that both sides apparently
2 agreed that they would end the rhetoric on both sides and
3 that they would begin to talk to each other on substance
4 without rhetoric, and that we needed to establish
5 communications directly between us and exactly the
6 mechanics of that weren't worked out from the U.S. side.
7 They wanted to have an actual team there to pass secure
8 information direct, but that was one proposal. But at
9 least the principle of establishing direct communications
10 between the two sides was recognized on both sides.

11 Two other points, one of which I didn't get
12 around to writing. It could have been -- well, I don't
13 know what it was, but number two was that there would be
14 no further terrorist attacks against us, the United
15 States. That was again emphasized directly to them. We
16 previously had made that clear to them, but we never
17 really knew for sure that they had received it and
18 understood it and that it wasn't negotiating posturing on
19 our part, as conveyed by Ghorba, but that Bud felt he had
20 made that clear to them and they understood it.

21 But the bottom line was that further
22 maturation of this relationship was going to be painfully
23 slow and it was just going to take a lot of time, that it
24 was not going to be easy. It was something where we had
25 been wrong, I guess, in thinking that we had had this

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39

1 meeting of the minds enough that we could clearly expect
2 instant results, as in all the hostages to be obtained
3 for us and delivered and then go from there, that it was
4 going to be much more difficult than that.

5 Q Thank you very much. On page 30, at the
6 bottom of the page, which refers to the M. S. Erria, and
7 has other lines, am I right these notes again refer to
8 the ongoing DEA operation and Dick, who I take it is
9 Secord?

10 A Correct.

11 Q Is telling you that on May 27, 1986, per this
12 note, that the Erria is now on station in effect ready to
13 receive the hostages?

14 A Correct, yes.

15 Q Was there any discussion anywhere at this time
16 as to whether the DEA operation which was going forward
17 and the Tehran meeting, which was simultaneously going
18 forward, were inconsistent with one another?

19 A I don't recall any specific addressal of that
20 subject in this time frame. More generally, though,
21 relevant to your question is a strategy, if you will,
22 that my observation is that the U.S. side was adopting on
23 the hostage issue, which was to proceed simultaneously on
24 multi fronts in that there were so many dry holes out
25 there as to what would succeed that you couldn't put all

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40

1 your eggs in one basket and try one approach, and that
2 that would be the most effective way to go at the hostage
3 issue, that because there were so many dry holes you had
4 to take that risk of occasional interference between a
5 couple of your initiatives, but that you had to
6 simultaneously proceed on a wide variety of fronts in the
7 hopes that eventually one would pan out and lead to
8 results.

9 Q Did Colonel North ever talk to you -- strike
10 that. Let me start with Admiral Poindexter. Did Admiral
11 Poindexter ever convey to you a sense of the President's
12 view on the hostages? That is, we've heard that the
13 President was personally consumed with the problem of the
14 Americans held hostage and with the desire to obtain
15 their release. Did Admiral Poindexter ever give you any
16 sense of the President's feelings on that matter?

17 A Well, let me answer that in a couple of ways.
18 I'm not recalling a specific instance exactly as you have
19 asked the question, did Admiral Poindexter say the
20 President said such and such, but in this particular time
21 frame --

22 Q May '86.

23 A I was getting pretty instantaneous almost,
24 pretty direct and rapid feedback from the meetings that
25 Admiral Poindexter would attend with the President. For

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41

1 example, whenever there was an issue to be resolved, as
2 in some of the ones we referred to asking for guidance,
3 split the team and so forth, that Admiral Poindexter
4 would almost immediately thereafter or very soon
5 thereafter brief the President.

6 Q While the Tehran mission was in progress?

7 A Yes. The President received daily briefings
8 on it and usually more than once a day, I would say, that
9 he was being briefed on the ongoing operation. I don't
10 have a specific recollection of feedback from those
11 meetings, although there may be something in the notes.

12 But my general recollection is that the
13 President was being briefed on the status of the
14 operation, was aware of it, understood it, disappointed
15 as we all were with the slowness of it and some of the
16 problems, but -- well, I can't really go much further
17 than that.

18 Then, wider than that, not just this time
19 frame or Admiral Poindexter, I had a generalized
20 knowledge of an intense interest and concern for the
21 hostages, the hostage issue, the hostage families.

22 Q On the part of the President?

23 A On the part of the President. One of the
24 recommendations, for example, that I got involved with on
25 the Vice President's Task Force, because there were

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42

1 hostage family meetings being asked for in that time
2 frame with the President, was a proposal to, if you will,
3 protect the President from the emotional pressures of
4 such a meeting by announcing publicly a policy that while
5 there were hostages held by, whether it is an Achille
6 Lauro or TWA 407, or a short-term thing or long-term
7 thing such as the Tehran one, the Tehran one during the
8 Carter Administration, or this one in Lebanon, that the
9 President, at least the President but perhaps also the
10 Vice President, but at least the President would announce
11 that it was a policy not to meet with hostage families so
12 that he would not personally be subjected to the emotion
13 of a distraught family coming in and making this
14 humanistic, this human appeal to his heart to do certain
15 things that in a more deliberate and considered fashion
16 and objective, considering the welfare of 230 Americans
17 and the implications for hostage-taking in the future,
18 might not be in the national interest of the country but
19 would be, if your scope, if your focus was strictly this
20 one hostage or this group of hostages and their families,
21 that the hostage family interest didn't necessarily
22 coincide with the U.S. government interests in this
23 particular aspect.

24 Generally we wanted the hostages back. We
25 certainly had coincidence of objective in that, but the

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43

1 tactics one would use and what one would be prepared to
2 do to effect that did not necessarily coincide. I and
3 others tried to float that idea as a policy and it was
4 considered in the interagency process. It was a very
5 sensitive one, but ultimately it was not accepted and it
6 was not printed up in the VP Task Force report.

7 But my involvement with that caused me to
8 realize how sensitive an issue this was politically, that
9 even though our people would acknowledge the merit of
10 that argumentation rationally, objectively, still there
11 was a political constraint against appearing to be
12 insensitive by announcing that you weren't going to meet
13 with hostage families, that that was considered to be
14 unacceptable politically, even though it would help the
15 President to be more objective, to remain objective in
16 dealing with hostage issues, that the Administration
17 could not be that callous as not to meet with hostage
18 families.

19 So I am aware of that whole discussion. I am
20 aware of hostage family meetings that were held with the
21 President and Vice President, and in all cases, as the
22 drafters of this proposal had anticipated, the principals
23 involved -- the President and the Vice President -- were
24 very much affected personally and emotionally with the
25 families and their appeal. And it just can't help but

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44

1 have some impact on an individual.

2 So my own feeling from dealing in bits and
3 pieces of this is that the President was emotionally
4 affected by the human concern of getting the hostages
5 back for the families, doing what he could.

6 Q And here was the additional concern also,
7 wasn't there, of Mr. Buckley.

8 A Oh, very much so. While there was always some
9 -- the two cases of Mr. Buckley, on the one hand, and
10 other hostages, private citizen hostages as opposed to
11 U.S. Government employees on the other, were always
12 considered at least different in the sense that one was
13 there under orders from the U.S. Government and,
14 therefore, the government had a very strong obligation to
15 protect that individual and try to effect his return.

16 Similarly with private people, but not as --
17 the other case was even stronger. But there was a
18 general sense of obligation for any U.S. citizen that
19 happened to find himself in this situation. It was
20 mitigated a bit by the fact that the State Department had
21 over years been putting out travel advisories and that
22 these people had, by their own choice, chosen to ignore
23 the travel advisories and remain in a very dangerous
24 area, Beirut and Lebanon in general, since the civil war,
25 and that, therefore, they were on their own initiative,

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45

1 placing themselves in harm's way, which is quite
2 different from the U.S. Government employee who was being
3 directed by his government to go into that situation.

4 So there was some difference there.

5 Q Did you ever hear Director Casey talk on the
6 subject of the hostage release or Mr. Buckley's situation
7 in particular?

8 A No. I don't believe so. I was aware, again,
9 by this juxtaposition of people and ambience, really, of
10 dealing with the Agency, my judgment would be that the
11 CIA was consumed with this issue, that one of their own
12 was in harm's way, and that they were doing everything
13 possible to try to seek his safe return, that they felt
14 that obligation.

15 Q Sure. I understand that. Did you hear that
16 from any of the Agency people with whom you were dealing
17 on the Iran initiative?

18 A Not that I can recall explicitly. It's almost
19 an irrelevant question to me. You didn't have to --
20 although the extent of the consuming nature of it made an
21 impact on me when I went out and visited another unit
22 concerned with terrorism in general, not specifically the
23 hostages. So they were peripherally involved, but not
24 directly.

25 There were some photographs or artist's

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46

1 sketches -- I forget which -- luckily that had been
2 prepared and that were up there on the wall showing
3 before and after.

4 Q This was at Langley?

5 A Yes. The impact of this, that one of their
6 own was in harm's way and needed help, was obvious to me,
7 that people were very much concerned with this issue and
8 trying to do what they could to get him back.

9 Q Okay. Let's move on now to page 27 of your
10 notes, Bob, which appear to be on -- well, let's go to
11 page 28 first, which appears to be May 27, 1986, and it
12 seems to be reporting secure telephone conversation
13 between Admiral Poindexter and Bud McFarlane. Am I
14 right?

15 A Correct.

16 Q Would you just review those notes for us and
17 explain what they mean?

18 (Pause.)

19 A In this secure -- well, it's telecom, but it's
20 really via secure radio, but the instrument that Admiral
21 Poindexter had in his hand was a telephone, in talking to
22 Bud McFarlane the first point that Admiral Poindexter
23 made was that he, Admiral Poindexter, had briefed the
24 President on the first hard copy message that Mr.
25 McFarlane had sent back, which was again -- and if you

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47

1 have that message that might help me with later things.

2 MR. LIMAN: We do have that.

3 THE WITNESS: All right. That might help with
4 the second point, because I am unaware of those
5 conditions.

6 BY MR. BELNICK: (Resuming)

7 Q While we are getting it, let me say that in
8 the first meeting Mr. McFarlane reported that the
9 Iranians who he saw imposed all kinds of conditions above
10 and beyond whatever one thought had been agreed to,
11 including Israel would get out of the Golan Heights and
12 that the Da'Wa prisoners would be released and so on and
13 so forth.

14 MR. LIMAN: And that the arms had to be
15 shipped first before they would release the hostages.

16 BY MR. BELNICK: (Resuming)

17 Q Right.

18 A Okay. I think those are the conditions
19 Admiral Poindexter is referring to here. I am not sure
20 of point number three, but I think it may be a reference
21 to the proposal that was surfacing at that point in order
22 to force the issue of launching the second 707 from Tel
23 Aviv so that we could show good faith to them that they
24 were en route, but we would still have control over it so
25 that if they didn't deliver on their side that we could

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48

1 turn it around before it ever entered Iranian air space.
2 But I'm not positive of that.

3 Q Is that the turning around of the aircraft?

4 A Possibly, but it may be something else. But
5 that's certainly one possibility, that that triggers.

6 Q Let me stop you there. Do you recall whether
7 an order was given during that trip for the second
8 aircraft?

9 A Oh, yes, that did happen.

10 Q Who gave the order?

11 A Well, I don't recall specifically. It seems
12 to me it was Bud McFarlane, but my recollection is it was
13 cleared by everyone. I mean, everyone was aware of it.
14 It was in these phone calls and hard copy messages back
15 and forth discussing what to do to take action in
16 response to the situation as we then saw it, that that
17 was agreed to by everyone as the way we would proceed on
18 attempting to put a little more pressure on their side
19 and get some success out of this thing before the party
20 left.

21 Q Put more pressure on them by having the second
22 aircraft carrying the arms leave Tel Aviv?

23 A Yes, so that the U.S. side could say they are
24 en route now. You have sent your folks to deal with the
25 hostage-holders. You show something from your side and

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49

1 we will have, and they will be here in X number of hours.

2 Q Did Admiral Poindexter approve that order, as
3 far as you recall?

4 A I can't recall specifically, but it's
5 inconceivable to me that that would have occurred without
6 Admiral Poindexter being aware of it and approving it.
7 That wasn't something that --

8 Q Same for the President?

9 A -- that anybody would have generated on his
10 own.

11 Q The same for the President as you understood
12 the chain of command in this?

13 A I would assume so generally. Whether that
14 specific level of detail of tactics would have been
15 briefed and approved by the President, I don't know. But
16 certainly the more general context in which that arose
17 seemed to me to be going to the President.

18 Q That order was given and then subsequently the
19 order was reversed and the aircraft was sent back?

20 A When they flew for several hours, two hours-
21 something, when they came to that point, at which we were
22 supposed to have something to show for it on the Iranian
23 side, there was nothing and we were getting continued
24 delaying and stalling tactics and the Iranians then --
25 the aircraft was ordered to return. I think it had a

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50

1 fail-safe built in. The crew was briefed that if they
2 got no communications at that point that they would turn
3 around.

4 So even if we had a radio problem we were not
5 going to have inadvertent delivery of the second
6 aircraft.

7 Q Go to condition 4 on page 28 of your notes.
8 What does that say and mean?

9 A I think that -- "what about the Wednesday New
10 York commitment" --

11 Q Is that Bud's speech?

12 A I think again that's the op sec problem of how
13 do we deal with this speaking engagement that Bud had.

14 Q Okay.

15 A Then there is a reference to the plan at this
16 point, at 10:43 Eastern Daylight Time, that the plan was
17 to have the party depart, meaning local tomorrow, which
18 would have been noon, local Tehran time, the next day.

19 Q Arthur has the hard copy message from
20 McFarlane.

21 MR. LIMAN: I will give it to you from the
22 Tower report because it is easy to read there. It starts
23 at B-100, which is their arrival, and it goes on to B-
24 103, which is another hard copy.

25 (A discussion was held off the record.)

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51

1 BY MR. BELNICK: (Resuming)

2 Q Okay. Moving to the next note on page 27,
3 which still seems to be May 27, is that a message from
4 the top by Secord about a decision by the Prime Minister
5 of Israel?

6 A Correct. This is a message from Secord that I
7 am to pass to Bud McFarlane and Colonel North.

8 Q And what is the message?

9 A The message is "Peres has directed Nir to
10 return to Israel with Bud McFarlane".

11 Q Did Secord give you any more information than
12 just that directive?

13 A I'm not positive, but I am getting an
14 indistinct recollection that there was some issue of how
15 the party would return and the routing and so forth, and
16 it was a possibility of bypassing Israel on the way out
17 in order to get Bud back for this meeting, if we were
18 going to preserve op sec, and that this pertained to
19 that, that Nir was wanted back in Tel Aviv. So I think
20 that relates to the routing issue and the timing of the
21 party coming out of Tehran.

22 MR. LIMAN: May I ask you a question? In
23 light of your prior recollection of a plane leaving, the
24 notes that went back to Washington, including the May 27
25 note, which is on B-115 of Tower, reflect a rather

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52

1 persistent request by the Iranians that the second plane
2 be allowed to leave and an obstinacy on the part of
3 McFarlane, saying that he will not let the plane take off
4 until the hostages are released?

5 You may know that McFarlane has testified that
6 while he was sleeping North directed that the plane take
7 off and that McFarlane cancelled it. Does that ring a
8 bell with you at all?

9 THE WITNESS: No.

10 MR. LIMAN: Do you have an actual recollection
11 of these events about the second plane, or is it all just
12 reconstruction of your notes?

13 THE WITNESS: I think there might be some
14 notes that might help. I have a distinct recollection of
15 dealing with Secord on the communications with the
16 airplane and talking to Tehran and implementing in real
17 time the flight and the turnaround and that time frame.
18 I know the airplane took off. I know it went to the
19 turnaround point, and I know it returned.

20 MR. LIMAN: But did anyone bring to your
21 attention that there was a disagreement between either
22 North and Secord -- I mean, between McFarlane and Secord
23 or McFarlane and Ollie on whether that plane should have
24 taken off?

25 THE WITNESS: No, not really. It's possible,

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53

1 because it seems to me we had a very fluid situation here
2 and a lot was not as we expected it. And so people were
3 improvising and trying to decide how to deal with this
4 situation and split the party or not, and this issue of
5 part of the plane, did it at least go partway, that it
6 seemed to me, one, that the staff dealt with this
7 proposal and that it would be approved or not approved as
8 it was investigated, pros and cons weighed and so forth.

9 BY MR. BELNICK: (Resuming)

10 Q Take a look at the note on page 28.

11 A Oh, that's good. Wait a minute. Which plane,
12 though?

13 (Pause.)

14 Okay. This is good.

15 Q Looking at the notes on page 28 --

16 A Correct. I think this is a message from Bud
17 rather than to Bud.

18 MR. LIMAN: What does it say?

19 THE WITNESS: I'm not sure of that now. Wait
20 a minute. Anyway, the message either for or from him is
21 "coming into a delivery", and I think that means
22 hostages. Counsel points out the previous entry that
23 puts it into some context. Guidance from Admiral
24 Poindexter was to continue as planned.

25 This is interim guidance for the party, that

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54

1 there are some issues pending for resolution, and the
2 interim guidance is to continue as planned, but that
3 there would be a call at 2:00 p.m. Eastern Daylight Time,
4 that Admiral Poindexter would call personally and resolve
5 the pending issues, whatever they were.

6 All right. Then down to the six points listed
7 under Bud. One is commitment to delivery, and I think
8 that refers to the hostages, the consummation of the
9 deal, the hostages in exchange for parts. Secondly, that
10 the aircraft is to take off tonight and I'm not positive,
11 but I think that refers to the 707 that held the bulk of
12 the HAWK parts.

13 BY MR. BELNICK: (Resuming)

14 Q The second one.

15 A The second aircraft. I'm not positive, but
16 that's the way I read it right now. Point three -- okay
17 -- is that if our Ambassador, the U.S. Ambassador in
18 Beirut doesn't report that the hostages have showed up in
19 Beirut, then the aircraft will turn around three hours
20 after takeoff.

21 Q So now you are more confident that those notes
22 refer to the second aircraft?

23 A Yes. Point four, that there will be follow-on
24 meetings between the Iranian side and the U.S. side.
25 This is eliminating the obstacle to progression of

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55

1 relations. That would solve it; then there would be
2 follow-on meetings and the relationship would continue to
3 develop.

4 Point five, that we, the U.S., would at least
5 be open to receiving any follow-on requests for
6 equipment. And, point number six, that at noon tomorrow,
7 which is 0530 Eastern Daylight time, our team, Bud's
8 team, departs.

9 MR. LIMAN: What day is that message?

10 THE WITNESS: You got me.

11 MR. LIMAN: Is that the 27th?

12 BY MR. BELNICK: (Resuming)

13 Q I think it's the 27th.

14 A Let's see. Yes, the 27th is on both sides.

15 MR. LIMAN: What time did they say they were
16 going to depart?

17 THE WITNESS: 0530 Eastern Daylight time is
18 the departure of the team. And that's -- what is it,
19 seven and a half -- it's 1300.

20 BY MR. BELNICK: (Resuming)

21 Q Yes, 1300 hours, 1:00 in the afternoon.

22 A Tehran time.

23 MR. LIMAN: Yes.

24 BY MR. BELNICK: (Resuming)

25 Q So looking at those notes it's still your

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56

1 recollection that the order to the second aircraft was an
2 authorized one?

3 A Oh, yes. I mean, even though I still can't
4 quite -- I don't know whether it's to Bud or from Bud,
5 but in some way it's my recollection that Bud is very
6 much aware of all this, either telling us the proposal or
7 we telling him.

8 Q And Admiral Poindexter is aware of it?
9 Indeed, he's given the guidance, correct?


10 A Well, depending on which way that is. If this
11 came from Bud to me, I would have passed it to Admiral
12 Poindexter. If this is to Bud, it's coming from Admiral
13 Poindexter.

14 Q But either way Poindexter knows?

15 A Exactly, yes.

16 Q Thank you. Also, looking just again briefly
17 at the balance of page 27, there are a number of notes
18 there which, if I'm correct, refer to the continuing DEA
19 operation which is in progress at the same time as the
20 Tehran meeting, right?

21 A Well, they are intermixed.

22 Q Yes, but the references to  to Jay, to
23 Ross, that's to the DEA?

24 A Yes, both operations are intermixed.

25 Q Do you recall when the government, our

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57

1 government, learned that Mr. Buckley had been killed?

2 A Do you have my calendar? Those --

3 MR. LIMAN: Do you remember what the event
4 was? If you just tell us the event.

5 MR. LEON: This is Ollie's calendar.

6 BY MR. BELNICK: (Resuming)

7 Q Was it in connection with the release of any
8 of the hostages?

9 A Well, I am trying to recall a memory I have of
10 an announcement, I think it was, from the Iranian side --
11 I mean, the hostage-holders, from Lebanon -- that he had
12 been executed.

13 MR. LIMAN: But that message came at the time
14 of the Libyan bombing. Well, they did announce at that
15 time.

16 THE WITNESS: But there was something before
17 that, I think.

18 MR. LIMAN: But you wouldn't necessarily
19 credit a message that came from the hostage-holders?

20 THE WITNESS: Oh, no, no.

21 MR. LIMAN: Was there some other harder
22 evidence that led you to conclude he had been killed?

23 THE WITNESS: Well, there are other people who
24 have all the facts together on that that would be able to
25 testify very accurately, Charlie Allen being one. There

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58

1 was a series of bits and pieces over time that had
2 accumulated that eventually caused the government to --
3 MR. LIMAN: Do you remember one of the
4 hostages in the Middle East and he was debriefed in the
5 summer of 1986?

6 THE WITNESS: Yes.

7 MR. LIMAN: And do I assume you saw the
8 debriefing about the fact that Buckley had been suffering
9 and coughing?

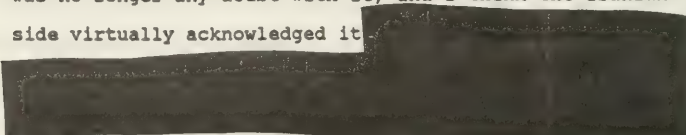
10 THE WITNESS: Yes, and that was further
11 details that confirmed what was believed but not known
12 for sure at that point, that he had either been executed
13 or had died under interrogation or had died as a result
14 of neglect.

15 MR. LIMAN: Because at that time the demand
16 then became for the return of Buckley's body. Do you
17 remember that?

18 THE WITNESS: I don't recall when that became.

19 MR. LIMAN: But you remember that some change
20 did occur?

21 THE WITNESS: Oh, sure. At some point there
22 was no longer any doubt with it, and I think the Iranian
23 side virtually acknowledged it.

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59

1 BY MR. BELNICK: (Resuming)

2 [REDACTED]

3 A So it became we would like his body back [REDACTED]

4 [REDACTED]

5 Q At the time of the Tehran mission you believed

6 he was still alive?

7 A That's why I'd have to go back through my

8 notes. I'm not sure. Someone else who followed this

9 like Charlie Allen would be able to give you exactly when

10 we began to know this and the accumulation of evidence

11 that it was a very real possibility and people began to

12 believe it. I'm not sure. It's a longer-term evolution

13 of belief that he was dead.

14 Q One other question before we go back to the

15 notes. Did you ever discuss with Admiral Poindexter that

16 any of the funds from the Iran transactions were being

17 used for the benefit of the contras? Did you discuss

18 that subject with him at any time?

19 A I don't think so. I don't think that ever

20 came up.

21 Q Did you ever hear him refer to it?

22 A I don't think so. I just don't think it ever

23 came up in my conversations with him and meetings with

24 him. My assumption was that he knew, but I don't think I

25 had any firsthand acknowledgement of that.

~~TOP SECRET/ CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED
~~TOP SECRET/CODEWORD~~

60

1 MR. KIRK: Off the record.

2 (A brief recess was taken.)

3 Q This is a note on page 24. It's still May 27,
4 0115 Eastern Daylight Time. "We are departing because
5 the Iranians don't even have control of two hostages."
6 From whom did you get that message?

7 A I'm not sure whether it was direct or indirect
8 from somebody in the party. I don't know. I don't
9 recall who in the party it might have been. It may have
10 been Bud. It may have been Teicher.

11 MR. LIMAN: Somebody in the party?

12 THE WITNESS: Yes, somebody in the part, but
13 again it may not have been direct. It may have come
14 through Secord, because sometimes they had direct comms
15 when ours weren't.

16 Q But they were telling you that the people --

17 A That the party was departing because --

18 Q The people with whom we were dealing with
19 didn't even have control over two hostages?

20 A Correct, because that was one of the
21 compromise solutions that was arrived at in one of the
22 later stages. Well, how about two now? We'll give you
23 two now and work on the others later -- I think. You
24 just triggered a memory. I'm not positive of that, but
25 even their fallback position -- that's why the "even two"

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED
~~TOP SECRET/CODEWORD~~

61

1 makes some sense -- that even this more modest
2 counterproposal from the Iranian side they couldn't
3 deliver on.

4 Q You have a note on the next page, 23, which is
5 May 28, 1986. It looks like a briefing by Bud McFarlane.
6 Is that what it is?

7 A Yes.

8 Q Bud briefing you or are you taking notes at a
9 meeting of him briefing someone else?

10 A What day are we on?

11 Q May 28. May 28 is indeed Wednesday. The
12 party was supposedly lifting off.

13 A Let me read this to be sure.

14 (Pause.)

15 I think it's coming from -- I think this is a
16 message from Bud to me just recapping --

17 Q Tell us what the message was.

18 A That the U.S. delegation did come to Tehran
19 and were accepted by the Iranians. We, the U.S., have
20 opened a door that has been closed to us in the past for
21 many years, and now there is finally some air going
22 through this open door, that the suddenness of this
23 change has scared the Iranian side, the interlocutors,
24 from their side, but we expect them to come back to us in
25 some period in the future -- a month, a week, several

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

62

1 weeks -- that they, the Iranian side, are sobered by our
2 firmness, that they are serious in helping [REDACTED]
3 and perhaps Nicaragua, which was one of the terms of
4 reference in some of the confluence of interest between
5 us and the Iranians on certain issues, that the whole
6 experience was very frustrating but nonetheless
7 worthwhile, and that they were intending to arrive at
8 Dulles 6:00 a.m., local EDT.

9 Q And that was Bud McFarlane's position as he
10 conveyed it to you at that time?

11 A At 10:13 Eastern Daylight Time, correct.

12 Q And then you briefed Admiral Poindexter? That
13 would have been your practice?

14 A That would have been my practice, to, as soon
15 as he was available, and during the day, at some point
16 that day, he was certainly available that I could pass
17 that on to him.

18 Q And given the way things were going at that
19 mission your understanding would have been that
20 Poindexter would then probably have briefed the President
21 on what McFarlane had reported?

22 A On whatever he felt was appropriate from that.
23 Again, I'm not sure that the level of detail would go
24 forward.

25 Q Would you consider agreement to help with

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UNCLASSIFIED~~TOP SECRET/COBDEWORD~~

63

1 [REDACTED] and Nicaragua would have been just a detail?

2 A I really don't have any basis to judge where
3 the detail line would be drawn with the President. And
4 then there's a follow-on note unrelated to that. At some
5 point after it there's my note that Admiral Poindexter
6 briefed the President at 9:30 and a question -- I assume
7 that it's coming from the President -- of whether we
8 should look at other alternatives and that there's a
9 possibility that Bud, when he returned on that Thursday,
10 arriving at 6:00 Dulles, would have a meeting with the
11 President later that morning at 9:30.

12 Q Do you know if he did?

13 A I think he did. It may not have been exactly
14 9:30, but I met the party at Dulles. It was early, at
15 5:30, and everybody went home in order to freshen up and
16 get ready. But there were plans to meet later that
17 morning at the White House complex. I'm almost positive.
18 I'm pretty sure that they briefed the President later
19 that morning.

20 Q Did you receive a report on that briefing?

21 A Not that I can recall specifically. There may
22 be some notes on it that occurred.

23 Q I haven't seen any.

24 A The situation by definition had changed at
25 this point now that Colonel North was back, and so he

~~TOP SECRET/COBDEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

64

1 would be talking to Admiral Poindexter, and so I may or
2 may not get some feedback from Colonel North.

3 Q Do you remember Colonel North telling you
4 anything about the briefing of the President?

5 A Not that I can recall right now. Nothing
6 substantive is jumping out. I think that I recall that
7 it was talked about after the fact a little bit in some
8 way, because I think I have a recollection that Howard
9 Teicher and Colonel North talked, because I think both of
10 them went to that meeting. But again I'm not positive of
11 that.

12 MR. LIMAN: Was the sense that you had one of
13 disappointment?

14 THE WITNESS: If you were forced to
15 encapsulate this in one word, that would probably be the
16 fairest word, that a major operation with great risk had
17 been undertaken.

18 MR. LIMAN: And failed?

19 THE WITNESS: And failed, although the door
20 was not shut. There was some potential in the future,
21 but it was certainly disappointing that it had not
22 succeeded as folks at the beginning had been led to
23 believe, through Ghorbanifar, that things were going to
24 go. It certainly wasn't as anticipated.

25 So with those caveats I would agree with you,

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~~TOP SECRET/CODEWORD~~

65

1 yes.

2 BY MR. BELNICK: (Resuming)

3 Q Okay. Let's take a look at page 20 of the
4 notes, which appears to be May 29. And there's a
5 reference to Rich Miller, "urgent", with an arrow
6 pointing to a line that says "Phil Mabre contacted,
7 Western goals, and recant all he has said, news confer",
8 short for news conference.

9 What do those notes mean?

10 A I think there was a phone call from Rich
11 Miller with a message to be passed to Colonel North, the
12 substance of which was that this individual, Phil Mabre,
13 had contacted Western goals, whoever they are, and was in
14 effect recanting all of his previous positions and
15 accusations and was about to hold a news conference in
16 order to do that.

17 Q That's as much as you recall now?

18 A One other addition, without knowing the
19 specifics, but my general sense from the tenor of this or
20 related ambience, for lack of a better word, was that the
21 previous position that he was recanting was a bunch of
22 accusations about -- well, I'm not sure what -- things
23 adverse to the contra cause, whether it's corruption or
24 drugs or something that was unfavorable to the cause of
25 the contras.

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

66

1 So that it was a favorable development for the
2 contra cause that he was now going to tell the truth and
3 say that he had been lying in the previous accusations or
4 statements.

5 Q Okay. There's a note on page 15. Take a look
6 at that note before I read any of it into the record.
7 Does that pertain to the Iran compartment?

8 A Could I see both sides?

9 Q I think this will help you. Page 16 is
10 completely redacted except for some names at the bottom.
11 (Laughter.)

12 This, I believe, is page 14.

13 A What date are we?

14 Q We're around the end of May or early June. I
15 think we're in June by now. Yeah, I think we're around
16 June 10, June 11.

17 (Pause.)

18 A I'm still trying to focus on the names. I'm
19 not getting anything, obviously, from the context. There
20 isn't any.

21 Q And I'm not sure whether it pertains to the
22 Iran thing, and I don't want to go into it if it doesn't.

23 MR. LIMAN: You know who Murphy is, don't you?

24 THE WITNESS: Ambassador Murphy.

25 BY MR. BELNICK: (Resuming)

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

67

1 Q He knows who the people are. We are just
2 trying to fit it in.

3 MR. LIMAN: Ambassador Murphy was Ambassador
4 for where?

5 MR. BELNICK: He was Assistant Secretary for
6 Near East.

7 THE WITNESS: Yes.

8 MR. LIMAN: What were the six initiatives that
9 were proposed?

10 THE WITNESS: I think if I could look again --
11 I think that pertains to Syrian terrorism. If you want
12 to go further, I can.

13 BY MR. BELNICK: (Resuming)

14 Q No.

15 A One of the points on the top part I don't
16 think -- no, there are some names in there that lead me
17 to believe it was not Iran.

18 Q Let's go off the record a moment.

19 (A discussion was held off the record.)

20 BY MR. BELNICK: (Resuming)

21 Q Back on the record. Now we are in what
22 appears to be the middle of June 1986 on page 13. You
23 have notes that start the top "VAXB". Is that a PROF
24 machine, VAXB?

25 A It's not PROFS. It's not IBM, but it's a

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~~TOP SECRET/CODEWORD~~
UNCLASSIFIED

68

1 different computer system that is supposedly taking over
2 and consuming, replacing IBM. You get into proprietary
3 competition here.

4 Q All right. It's a message-transmitting
5 system, right?

6 A Yes.

7 Q Is this a message from Copp, namely Secord?

8 What I'm really interested in is the language that
9 appears next to the [REDACTED]

10 [REDACTED] Is that "Central American proposal"?

11 A It could be covert action.

12 Q Why don't you take a look?

13 (Pause.)

14 A Well, it still could be either.

15 Q Why don't you read the note into the record
16 and tell us what it means?

17 A The note is point number one.

18 Q This is [REDACTED]

19 A From [REDACTED]

20 [REDACTED] on the CA proposal, and I'm not sure whether it
21 is cover action or Central American. It could be either
22 one.

23 Q What about point number two? -

24 A Point number two does put it into a Central
25 American context, "provide secure training in [REDACTED]

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

69

1 [REDACTED] Three is "provide arms and ammo."

2 Q Doesn't it seem to you from the context that
3 CA probably refers to Central America?

4 A Well, it still could be covert action in
5 Central America, so I still don't know. But certainly it
6 wouldn't be wrong.

7 Q Okay. Anyway, the context is referring to a
8 covert operation in Central America?

9 A Well, it may not be a covert action.

10 Q Some action in Central America.

11 A Yes.

12 Q To whom did you convey [REDACTED] message?

13 A Can I see both sides?

14 Q Sure. What do you have there, 13?

15 A Yes.

16 Q That is 14. Here is 12.

17 A Are you sure that's 14?

18 Q Yes, only because it comes between 13 and 15.

19 A It's not misfiled?

20 Q I don't think it's misfiled. That's how it
21 was given to us anyway. Do you recall reporting this to
22 Admiral Poindexter?

23 A What date was that?

24 Q I think June 15, 1986 -- June 15 or 16. June
25 15 happens to be a Sunday, so it may be June 16.

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

70

1 A It's 16 or 15.

2 Q Probably 16.

3 A Well, your question strikes me a little bit
4 strange because I'm not sure whether Colonel North is out
5 of the country. If Colonel North is in the country, I
6 have no reason to report to Admiral Poindexter.

7 MR. LIMAN: Well, we have his diary. We can
8 find out.

9 MR. BELNICK: What does North show on June 15?

10 MR. LEON: On June 15 he shows nothing. On
11 June 14, nothing in terms of being out of the country.
12 He shows meetings all day the 13th and on the 16th he
13 shows meetings all day.

14 BY MR. BELNICK: (Resuming)

15 Q So he's in the country, and assuming that's so
16 then you would have reported this to Colonel North?

17 A That is my normal assumption, messages that
18 I'm getting from whoever or from Colonel North, yes.

19 Q Do you know anything more about this proposal
20 that's reflected on page 13 of your notes other than what
21 you've written down here?

22 A I'm just trying to see if it relates to this
23 down here.

24 Q On page 12?

25 A Yes. The answer to your question right now is

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

71

1 no, but let me see this.

2 (Pause.)

3 It may or may not be related. This --

4 Q Page 12?

5 A The bottom of page 12 appears to be some
6 discussion of terrorism or international terrorism in the
7 Central American region and the extent to which Nicaragua
8 has been cooperating with international terrorists or
9 states that support or contribute to terrorism.

10 Q Including the PLO?

11 A Correct. A base of PLO in Nicaragua is one
12 phrase. The PLO has cooperated with the Sandinistas.
13 There is a PLO base there.

14 Q Let's go back to page 13.

15 MR. LEON: Mark, I just noticed something. On
16 Tuesday, June 17, it says at 9:30 -- I don't know what it
17 means, but it says "OLN returns". It doesn't say from
18 where.

19 MR. BELNICK: That's in Ollie's diary.

20 MR. LEON: It's in his diary on the 17th. I
21 don't know what that means. Maybe it jogs any
22 recollections for you?

23 THE WITNESS: No. My best reference would be
24 my calendar, if you have that.

25 BY MR. BELNICK: (Resuming)

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

72

1 Q Let's take a look.

2 (Pause.)

3 Vickie will look for that while you are
4 looking at the remaining notes on page 13, which appears
5 to pertain to pricing in the Iran arms transaction.

6 MR. LIMAN: The June 16 note?

7 THE WITNESS: Right. There is a note on 16
8 June where it defines actual, as in actual prices, as the
9 higher prices of the two between what were called real
10 and actual prices. So real --

11 BY MR. BELNICK: (Resuming)

12 Q Was the Economy Act price?

13 A Real -- whatever price the CIA charged, was
14 charged by DOD, that's real. Actual is 3.7 times that.

15 Q And actual is what was charged to the
16 Iranians?

17 A It went forward in some way through that
18 intermediary and I'm not clear on it.

19 Q Apart from any markups?

20 A That Ghorbanifar may have had on top of that,
21 that's correct.

22 MR. LIMAN: And you wrote the 3.7 factor and
23 that was to convey that the price that was charged to
24 Ghorbanifar was 3.7 times what the CIA/DOD price was?

25 THE WITNESS: Yes.

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

73

1 MR. LIMAN: Did you ever actually do the
2 arithmetic, have the number, the CIA/DOD price, and then
3 multiply it by 3.7?

4 THE WITNESS: Yes, sir. I did a lot.

5 MR. LIMAN: And then was it rounded off,
6 because obviously the price that was charged to
7 Ghorbanifar was, as I recall it, \$15 million or it wasn't
8 the kind of -- you know, you didn't get the odd dollar
9 figure that you'd get if you used 3.7.

10 THE WITNESS: I don't really have a specific
11 recollection of that. My recollection, from your
12 question, is that about a ten or 12-page document which
13 had all the HAWK parts on it and the nomenclature and the
14 FSN and so forth and the quantity desired by the Iranians
15 had two columns on the right. One was the actual price,
16 which was the DOD price, and then I did the math of
17 multiplying each one by 3.7 to come up with the actual
18 price column.

19 And that led then to a number, an aggregate,
20 which may have been rounded off, but I don't recall what
21 happened to that or how it evolved from there.

22 MR. LIMAN: Were any parts stricken because
23 when you applied the 3.7 figure it was in excess of some
24 budgeted amount?

25 THE WITNESS: I'm not understanding the

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

74

1 question. Who budgeted it?

2 MR. LIMAN: Were you told that you could not
3 come up with a figure in excess of a certain amount?

4 THE WITNESS: No, not that I recall.

5 MR. LIMAN: So that if 3.7 yielded \$20
6 million, then that would have been the price you would
7 have put down? If it yielded \$15 million, that would
8 have been the price; correct?

9 THE WITNESS: I believe so. That seems to me
10 to be a logical result of the process, as I understood
11 it.

12 MR. LIMAN: But nobody told you that you had
13 to keep the price to be charged to Ghorbanifar below a
14 certain amount?

15 THE WITNESS: Not that I can recall, no.

16 MR. LIMAN: This, I take, it would refresh
17 your recollection that you were doing the arithmetic on
18 June 16?

19 THE WITNESS: Well --

20 MR. LIMAN: At least at that point?

21 THE WITNESS: Right.

22 MR. LIMAN: And did you do it also earlier?

23 THE WITNESS: My own recollection is that it
24 was later than this, but obviously it was at least as
25 early as June.

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

75

1 MR. LIMAN: But how could it be later than
2 that when the only other transaction for which we got
3 paid was in October and that was not -- that was the
4 second channel transaction and it was a lower price?

5 THE WITNESS: As best I can relate, my
6 involvement with the 3.7 factor and the timing of it, I
7 think it pertains to the second list of parts owed the
8 Iranians that resulted after the transfer of the 500
9 parts and some of them didn't work. But it may have been
10 before. It appears to be.

11 MR. LIMAN: Let me see if we understand each
12 other on this. The Iranians paid for HAWK spares at the
13 time of the mission that McFarlane went and you knew
14 that.

15 THE WITNESS: The Iranian government I don't
16 think had -- no, they wouldn't pay until they got
17 delivery. Ghorbanifar or somebody had come up with this
18 bridge loan that would make the transaction begin to
19 occur.

20 MR. LIMAN: You knew that Ghorbanifar had
21 paid?

22 THE WITNESS: Somebody had paid.

23 MR. LIMAN: And you understood that he was
24 paying at this 3.7 multiple?

25 THE WITNESS: At least.

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~~TOP SECRET/CODEWORD~~

76

1 MR. LIMAN: No, you understood that he was
2 paying the CIA, that he was paying Lake. Did you
3 understand who he was paying the money to?

4 THE WITNESS: I knew that there was an
5 account.

6 MR. LIMAN: And he paid the money into that
7 account?

8 THE WITNESS: Yes.

9 MR. LIMAN: And you knew that the amount that
10 he had paid was 3.7 times what the CIA's cost had been,
11 right?

12 THE WITNESS: I never really consciously
13 focused on that. Nobody ever told me that, but that
14 certainly follows from the parts that I was aware of.

15 MR. LIMAN: You also knew that some of the
16 spares for which he had paid had been delivered, one
17 pallet's worth, right, in Tehran? Correct?

18 THE WITNESS: Yes.

19 MR. LIMAN: And you knew that the bulk of the
20 HAWK parts for which he had paid were still back in
21 Israel?

22 THE WITNESS: Yes.

23 MR. LIMAN: And when there were later
24 shipments in the summer of 1986 did you not understand
25 that those shipments were for the parts that Ghorbanifar

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

77

1 had already paid for?

2 THE WITNESS: The later shipments? Do you
3 mean when the pallets were subsequently delivered?

4 MR. LIMAN: That's right.

5 THE WITNESS: My recollection is that the
6 timing of that delivery was to complete the deal as it
7 had been arranged because one hostage had been released,
8 Jenko, I think.

9 MR. BELNICK: That's correct.

10 MR. LIMAN: So that whatever money that
11 Ghorbanifar had paid for the HAWK parts had been paid in
12 May of 1986, even though some of those parts weren't
13 delivered until after the release of Jenko; right?

14 THE WITNESS: What date was that?

15 MR. LIMAN: Well, they didn't deliver the
16 additional ones until August 3, 1986.

17 THE WITNESS: Okay.

18 MR. LIMAN: Now, therefore, does that not
19 refresh your recollection that the arithmetic that you
20 did in which you used the 3.7 multiple was done in
21 connection with the May transaction?

22 THE WITNESS: Not necessarily, and let me
23 explain why. It seems to me that the arithmetic that was
24 done for conveying to the Iranian side through
25 Ghorbanifar of the prices for this transaction of the

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/COBWORD~~

78

1 500, which was delivered in two separate shipments, was
2 all done in the April-early May time frame or before, and
3 that this June time frame that we're talking about has
4 nothing to do with that because that's already done and
5 over, that we are now talking about the complaints that
6 are beginning to accrue from the Iranians with at least a
7 sampling of parts that they have.

8 MR. LIMAN: But, Mr. Earl, what other
9 transaction was there after Ghorbanifar paid in May for
10 the HAWK parts?

11 THE WITNESS: Well, I don't know. It's not
12 clear to me what was -- I still don't know how that was
13 resolved, the second laundry list of parts.

14 MR. LIMAN: But you know, don't you, that
15 after Ghorbanifar paid for the spare parts in May that
16 the only additional transaction that was done with Iran
17 was the one involving the second channel; isn't that
18 right?

19 THE WITNESS: I believe that's correct, except
20 there is one caveat. This new list became a fairly long
21 list of complaints with the originals which led to some
22 different part numbers and different prices that had to
23 be resolved as to who was going to pay, the Iranian side
24 wanting it for free, that they felt they had paid for it
25 on the 500, and the U.S. side having to somehow come up

~~TOP SECRET/COBWORD~~**UNCLASSIFIED**

UNCLASSIFIED
~~TOP SECRET/CODENORD~~

79

1 with parts for which they had no money.

2 MR. LIMAN: But that was talking about an
3 adjustment, about making good to them.

4 THE WITNESS: On the original, yes, I agree.

5 MR. LIMAN: Now were you involved in the
6 pricing of the TOWs to the second channel? You'd have to
7 look at your notes? You don't remember that?

8 THE WITNESS: My recollection, before being
9 refreshed, I was much more involved in the second
10 transaction.

11 MR. LIMAN: You mean in the complex -- what do
12 you mean by the second transaction?

13 THE WITNESS: Well, now I'm confused as to
14 whether it's the second transaction involving the second
15 channel, which was TOWs, as I recall, or the HAWK
16 complaints on the parts as opposed to the very first
17 pricing of the 500. But it seems from some of my notes
18 that I was more involved in the first one than I recall,
19 so I could have been.

20 MR. LIMAN: Mr. Earl, do you remember without
21 even looking at your notes that the second channel was
22 given a better price on the TOWs than had been given to
23 the first channel?

24 THE WITNESS: Not really, no.

25 MR. LIMAN: Do you have a recollection as to

~~TOP SECRET/CODENORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

80

1 whether you applied a 3.7 multiple to the cost of the
2 TOWs to arrive at the price for the second channel's
3 TOWs?

4 THE WITNESS: I don't know whether I did or
5 not. My recollection is the 3.7 applies to HAWK parts.
6 I'm not sure that it applies to TOWs.

7 MR. LIMAN: And therefore at least by process
8 of deduction you must have applied the 3.7 multiple to
9 the May shipment because that's the only HAWK parts that
10 they were ever charged for.

11 THE WITNESS: If that's true, that the 3.7
12 applies only to HAWK parts, then it follows, what you
13 just said.

14 MR. LIMAN: Well, let's do arithmetic right
15 after lunch.

16 THE WITNESS: But my recollection of the way
17 the 3.7 was derived, which I had previously told you
18 about --

19 MR. LIMAN: Yes, and I've read it.

20 THE WITNESS: Was that it was in order to show
21 consistency from previous transactions or statements of
22 the price, and that we dealt with the aggregate in some
23 form of the totals and divided them and found out that
24 the factor was 3.7 and then applied them to this other
25 collection, new collection, new list in order to show

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

81

1 consistency.

2 MR. LIMAN: But did you do that arithmetic
3 yourself?

4 THE WITNESS: Yes.

5 MR. LIMAN: And did you do that with the HAWKS
6 that the Israelis had contracted to sell to the Iranians,
7 the November HAWKS, whether it was 120 or 80 or 18?

8 THE WITNESS: I don't know which aggregates I
9 used to derive that 3.7. From Colonel North I had gotten
10 the aggregate numbers and did the math and found out that
11 that number was 3.7 and then used that on a line-by-line
12 basis with whatever the list of HAWK parts were.

13 MR. KIRK: May we stop for a second and go off
14 the record?

15 MR. LIMAN: Sure.

16 (A discussion was held off the record.)

17 MR. BELNICK: We will break now for lunch and
18 return at 1:00.

19 (Whereupon, at 11:53 a.m., the taking of the
20 instant deposition recessed, to reconvene at 1:00 p.m.,
21 the same day.)

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82

1

AFTERNOON SESSION

2

(1:10 p.m.)

3

Whereupon,

4

ROBERT L. EARL,

5

the witness herein, having been previously duly sworn,

6

was further examined and testified as follows:

7

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

8

BY MR. BELNICK:

9

Q Good afternoon. Back into the notes at page

10

13, there is a note at the bottom, June 17, that I

11

believe pertains to the Iran compartment -- "Uriah II".

12

Do you remember for whom that was a code name?

13

A Not off the top of my head. It is in one of

14

the things that I provided for the Committee. It could

15

have been the President or McFarlane.

16

Q Well, I know Oliver North is listed on one of

17

these.

18

A No, it's not Oliver North.

19

Q As Uriah.

20

A Oh, is he?

21

Q Yes, he's Uriah on one of these. This is

22

Uriah II. Oh, well, we'll move on.

23

A Well, that surprises me, that Uriah I or Uriah

24

without a number is Oliver North, because I would have

25

guessed that this is somebody senior in the chain to

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

83

1 Colonel North, but it may not be.

2 Q I'm sure your document produced by the White
3 House, which bears our Bates number N-9267, which is
4 entitled Operation Homeport, one word, code sheet, and
5 you see "O. North, Uriah."

6 A I don't think that's one of the ones that I
7 was familiar with.

8 Q Well, all right. We'll just go on. Did you
9 have a code name or cryptonym at any time?

10 A No.

11 Q Here Poindexter is listed on page N-9055 as
12 Uriah.

13 A I think that's the code name I'm familiar
14 with.

15 Q So maybe Uriah II is -- well, let's not guess.
16 Does this note that we were looking at on June 17 pertain
17 to the Iran compartment?

18 A Yes, it does.

19 Q Okay. And do you recall -- can you explain
20 the reference, leaving out the name of the Iranian? Is
21 this a message you received from George Cave?

22 A Possibly, but I think more likely is it's --
23 well, I won't even say more likely. Two possibilities.
24 One is it is from Cave telling me of a conversation he
25 had had with this Uriah. The other possibility is that

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

84

1 it's instructions for Cave to have a conversation with
2 the Iranian coming to me from, probably, North to give to
3 Cave.

4 Q Well, whether it comes from Cave or is a
5 proposed message to Cave, can you explain what the notes
6 mean?

7 A Well, it says very specific: "Adhere to our
8 written proposal. Call us." My explanation of that
9 would be that it is guidance for this individual.

10 Q For Cave or for the Iranian?

11 A For the Iranian, and perhaps an admonition to
12 be precise on the specifics of the negotiation that's at
13 issue at this time and to call us and refer back to the
14 written proposal as opposed to any embellishment of that
15 that may be being done by others.

16 Q And then he's to be told, the Iranian, that
17 Uriah II, whoever that is, is unhappy.

18 A Uh-huh.

19 Q And has issued instructions no more talking
20 with the Iranians until there is a movement.

21 A Correct.

22 Q And "bullshit to proving ourselves" means just
23 that?

24 A Yes. From the Iranian side there is the
25 negotiating statement that we, the U.S. has to prove

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

85

1 itself and we are rejecting that, saying no, it is not we
2 who have to prove ourselves. We have taken suitable
3 risks and it is you who have to deliver. So that's a
4 bogus argument.

5 Q Okay. We'll move on.

6 A Let me look at that list, please.

7 (Pause.)

8 I don't think this is it. I think there may
9 be another one, too.

10 Q There is a note on page 11, which appears to
11 be June 16, 1986, "\$5,820,000 apiece". Then it says
12 "radar". What does that note means? Is that referring
13 to the Iran compartment?

14 A I believe it is. I believe it's a dollar
15 figure.

16 Q For the HAWKS?

17 A No, for the high-power radars. If we could
18 cross reference to the other reference to prices on
19 radars, we can see whether that means each or per radar
20 rather than total cost for both radars. I'm not sure
21 right now. We were looking at that page earlier.

22 Q I am showing the witness page 100 of his
23 notes.

24 A That's not the page that I'm remembering. I
25 think there's something else that gives some prices on

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

86

1 radars and the only reason I referred to that is so that
2 we can figure out whether it's per radar or for two
3 radars. I'm just not sure which it is at this point. I
4 think it is per, because here is a reference to \$8,000
5 each down here.

6 Q All right. On the same page, 11, of the
7 notes?

8 A Right. So I think that is a symbol for each
9 or per.

10 Q Looking at these references to figures on page
11 11 can you tell us where you got them from?

12 A No. Nothing springs to mind. But the fact
13 that I'm multiplying by the 3.7 suggests to me that this
14 number probably came from --

15 Q That's the number \$8,270.83?

16 A From CIA in some way.

17 Q And you are using the 3.7 factor?

18 A Yes.

19 Q To multiply?

20 A Correct.

21 Q The next note I would like to go over with
22 you, Colonel, is on page five. Let me show you the note.

23 A That time frame are we in now? I've lost
24 that.

25 Q This is still June '86. You will see the name

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

87

1 Ellen Garwood there and by context this note appears to
2 be around the end of June, June 23, June 24 of 1986. Can
3 you tell us what those notes refer to, including the
4 reference to Ellen Garwood with a telephone number?

5 A No. I'm not recalling anything. I know who
6 Ellen Garwood is. I know she would come in to the office
7 on occasion and meet with Colonel North, and this may
8 just be establishing that she called in with a phone
9 number or that someone provided us with a phone number so
10 that Colonel North would be able to call her. I'm
11 recalling no context.

12 Q Did you know at the time that she was a
13 contributor of financial aid to the contras?

14 A I don't know in the June time frame whether I
15 knew that or not. At some point I intuited that, that
16 she was a wealthy individual who contributed. But as
17 early as June, I don't know. I may have.

18 Q Actually I said June 23. This looks more like
19 June 13, according to what's later on page five.

20 The next note I want to show you is on page
21 four, also dated June 13, 1986, and it reads:

22 [REDACTED] doesn't take the Corr threat too seriously. Is it
23 true he was going to beach this" -- and then it's
24 obliterated. What's the word after this? It's
25 obliterated by the Top Secret designation.

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UNCLASSIFIED~~TOP SECRET/COBWORD~~

88

1 A Oh, I see. "Going to beach this weekend".

2 Q Well, that's some threat, let me tell you.

3 Now we're at the bottom of this.

4 (Laughter.)

5 Now is this to Corr, to Ambassador Corr?

6 A Yes.

7 Q This reference that we have now read from page
8 four of the notes. What does it mean?

9 A There was a terrorist threat against
10 Ambassador Corr at the time. He wasn't taking it
11 seriously because he was going on to the beach, and so
12 that was CIA's analysis of the threat.

13 Q You'll be as delighted as I to know that we
14 have just finished one notebook.

15 Now we have another notebook that the White
16 House has just produced to us this morning, as a matter
17 of fact, saying that it was only recently found, at least
18 for us, and this one, Colonel, appears to predate. Up
19 until now the one we were just going through was our
20 earliest Earl notebook. This one, I think, is earlier
21 and appears to go from -- Vickie, what are the dates of
22 this? Does this go in order?

23 MS. NOURSE: Well, 10/3.

24 BY MR. BELNICK: (Resuming)

25 Q From October 3, 1985 to March 10, '86. So we

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89

1 want to go through some references that we have marked
2 here.

3 A May I see the cover of the notebook?

4 Q Moving into the new notebook for the period
5 just described, October '85 to March 10, '86, page 52,
6 there are references to Nir, the same Nir, I take it,
7 with whom you worked on the Iran program?

8 A Yes.

9 Q What were you doing with Nir on November 18,
10 '85? First of all, where were you at that time?

11 A On the Vice President's Task Force.

12 Q Combatting terrorism?

13 A Combatting terrorism.

14 Q Was Nir a consultant to that task force?

15 A I wouldn't use the term "consultant". That
16 has a special meaning to me. I mean, nobody was paid,
17 but he was one of the so-called experts on terrorism that
18 was brought in to advise and talk to the task force, yes.

19 Q So are those simply notes pertaining to advice
20 that he gave the task force?

21 A Yes.

22 Q Okay. You didn't know a thing about the Iran
23 program at this time?

24 A No.

25 Q Or about any HAWK shipments that were being

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

90

1 made in November of '85?

2 A No.

3 Q On page 61 this reference "mercenaries can be
4 tapped", that relates to the task force also?

5 A I think so. Let me just put it into context.
6 (Pause.)

7 Q It looks like it. Any of it has nothing to do
8 with --

9 A Yes, I think all of that is terrorism-related
10 discussion for the task force.

11 Q Let me show you a note that appears on page
12 115 of the same notebook. The date appears to be around,
13 if not on, January 16 of 1986. The notes are toward the
14 bottom of the page. You see the names "Rich Miller, Dave
15 Fisher, Nicaragua group raising funds, Roosevelt Room."
16 It said "Elliott Abraham". Does that mean Elliot Abrams?

17 A That's my, at that time, phonetic spelling,
18 Elliot Abrams, right.

19 Q From reading it and not knowing what it is, it
20 appears to be setting up some sort of meeting that will
21 be related to raising funds for the freedom fighters in
22 Nicaragua. You tell us what it is.

23 A Yes, I think you have described it fairly
24 well. It's related to a group raising funds in support
25 of the contras, I guess, and this is Don Regan. Again, I

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

91

1 guess it took me a while to spell the name correctly.
2 But that's Don Regan and David Chew, who worked for him,
3 and setting something up in the Roosevelt Room and
4 confirmation, the date. And so these two people were
5 involved on setting it up.

6 Q Rich Miller?

7 A And Dave Fisher is somehow involved in setting
8 up this meeting in the Roosevelt Room. So I'm passing
9 that message to Colonel North. And I'm not sure whether
10 he called or who called.

11 Q Dave Fisher or Rich Miller?

12 A Yes. It's one of the two.

13 Q Okay. Now page 119, I'm interested in one
14 specific note on that page: "Who's Richard (relative to
15 Mr. Goode?)". What can you tell us about that note?

16 (Pause.)

17 MR. LEON: Do you have a date on that, Mark?

18 MR. BELNICK: 17 January '86.

19 BY MR. BELNICK: (Resuming)

20 Q Is the "Richard" reference to Secord?

21 A Well, I'm not sure. This is an asterisk, so
22 I'm looking to see if it was an asterisk for something
23 that may be blocked out. My best guess right now is that
24 that's a note to myself to ask Colonel North who's
25 Richard and that I don't recognize the name in the

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

92

1 context of a message that I'm getting.

2 MR. LEON: Could it be Gadd?

3 MR. LIMAN: No, not at that point.

4 Q Not at that point. When did you first know
5 who Secord was?

6 A I don't know. I've never really thought about
7 that.

8 Q Did you first learn about him from Ollie?

9 A Yes, sometime. I met him at the office or a
10 phone call or something and something prior to the May-
11 April time frame leading up to Tehran, that I knew him,
12 but how much before that I don't know. But somewhere
13 between those two periods, between January and April.

14 Q All right. On page 122 from the notebook I'm
15 interested in the note which I'll read into the record.
16 "Watson, two contra leaders, back to see VP", and it says
17 "one, names -- check that with CIA? Two, state of the
18 union intentions? Just guerrillas? Some political
19 types, too?" with a telephone number, 941-1468.

20 Now is the reference to Watson to the Vice
21 President's aide Sam Watson?

22 A I believe so. I can't recall any other Watson
23 that I knew.

24 Q You knew him from the terrorist task force,
25 didn't you?

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

93

1 A Yes.

2 Q Now can you explain those notes that I have
3 just read about Watson, contra leaders and the VP?

4 A Okay. I think that the general subject of the
5 section relates to the issue of whether there were to be
6 some Nicaraguan freedom fighters in the audience for the
7 state of the union that would be acknowledged in the
8 course of the speech and would stand and be recognized.

9 Q That's what the reference to State of the
10 Union means?

11 A I think so.

12 Q What about the reference to two contra leaders
13 back to see VP?

14 A I'm not sure if that's related to that or
15 different because the names checked out with the CIA
16 right below it may be different than state of the Union
17 intentions and related to the separate issue of two
18 contra leaders, or it may be checking out the names of
19 the people who are to appear. I'm not sure.

20 Q Do you have any recollection or are you just
21 guessing?

22 A No, I'm guessing. From the context, it could
23 be either way.

24 Q You don't recall independently?

25 A No.

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

94

1 Q Who did you consider to be in the contra
2 compartment box among people at the NSC? Were there
3 people in the Vice President's office who you felt were
4 part of that box?

5 A No, no. And again it's amorphous. Even as we
6 previously discussed for the Iran box, but even more
7 amorphous on the contra box, since I was, as I said,
8 never formally brought into that box. But my working
9 assumption was nobody on the Vice President's staff was
10 in the contra box.

11 Q What about Don Gregg?

12 A I don't know, but my working assumption is
13 that he was not.

14 Q Okay, fine. And did you ever learn any fact
15 that caused you to question that assumption?

16 A No, no, not really. There were the meetings
17 when Max Gomez came up, but that was all -- completely
18 consistent with my working assumption that he was being
19 dragged into the box by his previous friendship with Max
20 Gomez, that it wasn't because he was in the box.

21 Q January 23, '86, appears to be numbered [f
22 123, notes that read: "Jim Steele -- problems about
23 [redacted] message to [redacted] today could cause ON
24 and then Ambassador concerned."

25 A This is 23 January. Do you know off the top

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED
~~TOP SECRET/CODEWORD~~

95

1 of your head the dates of what I just referred to, the
2 meeting? That was August?

3 Q August 8 and August 12.

4 A Well, that's not right. No, I'm not getting a
5 specific recollection. It's some reference to a problem
6 that these people needed to work out -- [REDACTED] North,
7 Steele and the Ambassador. Let me read the full context.

8 (Pause.)

9 Below that on the same page is a more detailed
10 message relaying some of the problems. I think these are
11 related.

12 Q Some of the problems that Steele was talking
13 about?

14 A Right. And it concerns deployment bags, A-7A
15 straps, and Conex inserts, some confusion on equipment
16 back to New Orleans, which is a code name which I never
17 did know, where New Orleans was. I mean, it's not the
18 real New Orleans. 1,000 pairs of socks, backpacks, some
19 kind of problem related to equipment.

20 Q Let's go on. We're almost finished.

21 We will interrupt the sequence and I will show
22 you a document that I will ask the reporter to mark as
23 the next Earl Exhibit, whatever that is. Let's just call
24 this -- well, we'll call it Earl Exhibit 1A. Would you
25 take a look at that document? It bears our Bates

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

96

1 discovery stamp of N-604. See if you can identify it.
2 (The document referred to was
3 marked Earl Exhibit Number 1A
4 for identification.)

5 A No, I don't think I've ever seen it before.

6 Q Do you recognize the handwriting?

7 A No.

8 Q Did you know someone named Bill at the
9 National Security Council on the staff, or a principal?
10 MR. LEON: Could that be a note written on a
11 notepad?

12 BY MR. BELNICK: (Resuming)

13 Q Why don't we let him think for a second?

14 A I'm not recalling one off the top of my head.
15 If I had the NSC phone book, I could flip through the
16 names to refresh my memory on guys that might be named
17 Bill, but right now I'm not coming up with anybody.

18 Q Was there anybody in the legal counsel's
19 office named Bill in Commander Thompson's office?

20 A No.

21 Q Nobody?

22 A I mean, the only Bill that leaps to mind is
23 Bill Casey.

24 Q I understand that.

25 MR. LIMAN: But it's not his writing.

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

97

1 Q It's not his writing; I understand that. But
2 it leaped to some other minds.

3 (Laughter.)

4 But Rich was suggesting that perhaps somebody
5 wrote it on an NSC notepad who is not with the NSC. Does
6 that mean anything?

7 A Could be. I don't know.

8 Q You have no idea?

9 A No. But if you want me to search my memory
10 further in Bills at the NSC, if you have an NSC phone
11 book with all the list of names.

12 Q Off the record.

13 (A discussion was held off the record.)

14 BY MR. BELNICK: (Resuming)

15 Q While we are waiting, let's go on. There's a
16 note at page 160 which is March 6, 1986. You see at the
17 top it says "Nir, 1900", et cetera. Before I read it,
18 does that have anything to do with matters that we're
19 interested in?

20 A I think it does. I think it relates to an
21 Iran hostage, but I'm not positive. That's the way I
22 read it.

23 Q All right. Would you explain the note? This
24 is before you were formally briefed into the compartment,
25 wasn't it, in March of 1986?

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

98

1 A All right. This is March, 6 March. Again,
2 I'm not sure exactly when I was formally briefed in.
3 Before, or refreshing from my notes, I would have guessed
4 early May, but obviously it was before that, from my
5 notes early April. It could have been as early as March,
6 possibly, but very doubtful.

7 Q All right. What does the note mean?

8 A It's a cryptic note from Nir passed over an
9 open phone, so it is intended not to be understood by
10 those not in the compartment, and I don't know what it
11 means beyond telling Colonel North that he, Nir, has
12 gotten in touch with the person in question, that the new
13 location, whatever "they", Nir and North, had agreed was
14 okay, that they were in a hotel in town with that person,
15 so to prevent that person from knowing the location of
16 the meeting, that he knew he was in a hotel but not --
17 they were protecting something about who they were
18 meeting with and why.

19 Q Okay.

20 A Will call William -- and William is another
21 code name, and I think that's for -- I was going to guess
22 North, but he would have used Goode, so it doesn't make
23 sense, so I don't know who William is. Nir is going to
24 call William as soon as he gets to the hotel about noon
25 Friday.

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

99

1 MR. LIMAN: Do you know what the first name of
2 Goode was?

3 THE WITNESS: Now that's right.

4 MR. LIMAN: William.

5 THE WITNESS: Yes, that's right. So it is.

6 BY MR. BELNICK: (Resuming)

7 Q That's a double code, then.

8 A Well, it fooled me for a while, but I guessed
9 right.

10 Q Let's go back to the Exhibit 1A question we
11 were discussing. We now have a world-famous Federal
12 yellow book and here comes the document back. I am
13 putting Exhibit 1A before you again, and there is a
14 listing in here in the yellow book under National
15 Security Council, under Latin American Affairs. Director
16 William Perry. Did you know a William Perry when you
17 were there?

18 A Yes.

19 Q Did you ever see his handwriting?

20 A I don't think so. It's possible, but I am
21 doubtful.

22 Q See if you, looking at this list, can see any
23 Williams.

24 (Pause.)

25 Did you know Bob Turner?

~~TOP SECRET/CODEWORD~~**UNCLASSIFIED**

UNCLASSIFIED~~TOP SECRET/CODEWORD~~

100

1 A Bob Turner? No.

2 MR. LIMAN: This may be a moment to ask him
3 some other questions, if I may. Did you ever have any
4 discussions as to whether the NSC was covered by Boland?

5 THE WITNESS: Two answers to that question.
6 One is a generic one, that from talk just amongst people
7 at the staff my impression from that talk was that there
8 were all kinds of loopholes in the law, so I think that's
9 partially relevant.

10 But the specific answer to your question is I
11 recall one conversation at around the time Colonel North
12 was going to meet with or brief some members of one of
13 the Committees. I think he did that in the White House
14 situation room. And either before or after, but in that
15 time frame, I asked him about that argument, which I had
16 heard either from the newspaper or from talking with
17 people around the NSC how much applicability was the line
18 of argument that Boland did not apply to the NSC. Well,
19 I think I knew it was Boland.

20 My recollection was that there were a bunch of
21 laws that had relevance, and then I had a bunch of
22 phrases that I remember from them, and I'm not
23 necessarily sure which correlates to which, but I think
24 that it would have been, from the group of relevant laws
25 then, that there was an argument that I was aware of,

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

101

1 that the NSC was exempted because it was not part of the
2 intelligence community.

3 And so I asked that question of Colonel North,
4 if that argument had utility, whether it was a credible
5 argument. And the answer was -- I don't recall the
6 answer specifically. I recall that it was a balanced
7 answer, a neutral answer. It wasn't hell, no it has no
8 applicability, and it wasn't oh, yeah, that's absolutely
9 right. It was a little grayer and more complicated than
10 that, that I would characterize as neutral or middle.

11 And so that's, I think, right now the only
12 specific conversation that I can recall on that subject.

13 MR. LIMAN: You said this occurred at the time
14 he was to brief one of the Congressional Committees?

15 THE WITNESS: I think so. I think that's why
16 I was asking him, because I knew that he had either just
17 had or was about to meet with some members of the
18 Committees.

19 MR. LIMAN: Do you recall that there was a
20 resolution of inquiry regarding Colonel North in, I
21 believe, the summer of 1986?

22 THE WITNESS: A resolution of inquiry? I'm
23 not recalling that term of art.

24 MR. LIMAN: Well, do you remember that he was
25 on the hot seat in terms of some kind of Congressional

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

102

1 investigation?

2 THE WITNESS: Well, I think that's what I'm
3 referring to here.

4 MR. LIMAN: And that he ultimately gave an
5 interview to one of the Committees. Is that what you are
6 referring to?

7 THE WITNESS: I'm referring to his meeting
8 with members of the Committee in the White House
9 situation room at some point, summer, I guess.

10 MR. LIMAN: Was he concerned before he went
11 for that interview? Did he express concern to you?

12 THE WITNESS: I would say that there was
13 concern, yes, that he was aware that he was going to be
14 doing this, and his concern involved what he was
15 authorized to say and going to say, I think.

16 MR. LIMAN: Well, you knew, for example, that
17 he was not in a position to disclose the use of the
18 proceeds of the arms sale.

19 THE WITNESS: Sure.

20 MR. LIMAN: And so he was in a very
21 uncomfortable position?

22 THE WITNESS: Yes.

23 MR. LIMAN: And I take it you realized that.

24 THE WITNESS: Well, I knew that there was
25 compartmented information that was not to be shared, yes.

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UNCLASSIFIED~~TOP SECRET/ CODEWORD~~

103

1 MR. LIMAN: When you say there was
2 compartmented information not to be shared, you didn't
3 understand that to mean that if a Congressman asked him a
4 question that he was free to lie, did you, in order to
5 protect compartmentalized information?

6 THE WITNESS: Well, that is the area of
7 concern that if there is a compartmented program that the
8 President of the United States said will not get briefed
9 to the Congress, how do you respond to a question that
10 refers to that which is in the compartment?

11 MR. LIMAN: Well, one way you respond, of
12 course, is by saying I'm not free to answer that
13 question. That's an option. And another option is to
14 protect the information by lying. That's correct, too,
15 right?

16 THE WITNESS: Sure. I mean, I would say a
17 cover story.

18 MR. LIMAN: But a cover story can be a lie,
19 right?

20 THE WITNESS: It can be, or it can be a half-
21 truth, a partial truth, a limited statement that
22 protects.

23 MR. LIMAN: But a lie is one of the options.
24 And, you know, without trying to make you more
25 uncomfortable than you probably feel at this moment,

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UNCLASSIFIED~~TOP SECRET/COBDEWORD~~

104

1 there are times that it's appropriate for a member of the
2 military to lie, such as when he's being interrogated by
3 enemy forces.

4 THE WITNESS: Certainly.

5 MR. LIMAN: And so what I've been trying to
6 find out is whether in the context of the way you looked
7 at things at the time, if a Congressional Committee put
8 questions that would uncover compartmentalized
9 information that you were not authorized to reveal, was
10 the response to treat it as if it were the North Koreans
11 and to lie, or would it be to say I just can't answer?

12 How did you see things?

13 THE WITNESS: Well, I was not directly
14 involved in the preparation of that testimony.

15 MR. LIMAN: I know that.

16 THE WITNESS: And so I was never addressed
17 with the question you are posing, and I was not involved
18 in the discussions, so I don't know.

19 MR. LIMAN: And you've never had a discussion
20 of that?

21 THE WITNESS: No.

22 MR. LIMAN: And when Colonel North finished
23 with his interview with the Committee I take it he told
24 you that he had been interviewed. You knew it took place
25 in the situation room.

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105

1 THE WITNESS: And I don't know how I knew
2 that, whether it was from others.

3 MR. LIMAN: Did he discuss it with you
4 afterward?

5 THE WITNESS: Well, there was no debrief
6 afterwards. If there was any discussion of it afterwards
7 it would have been just a passing reference. I'm not
8 recalling anything at the moment, but possibly.

9 MR. LIMAN: Did he express any relief to you?

10 THE WITNESS: Any relief?

11 (Pause.)

12 No, I can't even say that, although I will say
13 that that would have been my assumption, that the thing
14 was over and it was resolved in some way, which would in
15 some way convey to me relief that this situation of
16 concern is completed, is over.

17 MR. LIMAN: Was there any activity to prepare
18 Colonel North for his interview with the Congressional
19 Committee?

20 THE WITNESS: I think so.

21 MR. LIMAN: What do you remember?

22 THE WITNESS: My best recollection is that
23 Colonel North was trying to get guidance for this meeting
24 and was experiencing difficulty in getting that guidance.
25 I know that NSC Congressional Affairs was involved in

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106

1 that. NSC Congressional Affairs was involved in setting
2 up a meeting, so they were involved in a certain amount
3 of the preparation of it.

4 But I recall that he was having difficulty
5 getting guidance from Admiral Poindexter on the specific
6 reason, and Admiral Poindexter was on leave during the
7 time frame.

8 MR. LIMAN: Admiral Poindexter was away from
9 the office?

10 THE WITNESS: He was on leave, yes, out of the
11 office.

12 MR. LIMAN: Leave in civilian terms means he
13 was on vacation or out of the office for some other
14 purpose?

15 THE WITNESS: Yes.

16 MR. LIMAN: And the difficulty he was having
17 getting guidance was that Admiral Poindexter wasn't
18 accessible?

19 THE WITNESS: Yes, but it may have been more
20 than that. I'm not sure.

21 MR. LIMAN: But I'm trying to find out whether
22 it was more than that. Was it that he was a hot potato
23 and people just sort of were leaving him to fend for
24 himself? Or was that your impression?

25 THE WITNESS: My impression was that the leave

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107

1 was not accidental. The timing of the leave was just not
2 a coincidence.

3 MR. LIMAN: And did Ollie express that to you?

4 THE WITNESS: Well, I don't know how I
5 gathered that. I gathered that from his demeanor and
6 actions. I don't recall that he specifically said that
7 to me, but something about the way he was dealing and
8 talking or calling over the phone, trying to get to see
9 Poindexter, trying to prepare for his meeting, that is
10 the impression that I recall.

11 MR. LIMAN: So that your impression of it,
12 your observation of it, was that Colonel North had some
13 information to protect and that he was being left to
14 figure out how to protect it on his own?

15 THE WITNESS: I think that's a fair statement.

16 MR. LIMAN: And being the type of person he
17 was, he didn't complain about it? Or did he?

18 THE WITNESS: Well, he did the job that was
19 required of him. He would have preferred to have
20 guidance, it was clear to me, but given that he wasn't
21 getting any he did the job, what was left to him.

22 MR. LIMAN: Did he tell you that one of the
23 subjects of concern to him was that they might ask him
24 where the contras were getting the funding?

25 THE WITNESS: I don't think I knew any of the

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108

1 specifics of the areas. We had no discussions of that.

2 MR. LIMAN: What other compartmentalized
3 information did you believe that he had that committees
4 that were inquiring about the contras might wander into?

5 THE WITNESS: Well, the connection to Iran
6 we've already talked about. I don't know whether there's
7 anything in my notes that will help on that. I am not
8 recalling anything specific beyond a general feeling that
9 perhaps some of this could have been politically
10 embarrassing to the President.

11 MR. LIMAN: Like what?

12 THE WITNESS: Whatever Colonel North was
13 doing.

14 MR. LIMAN: What was he doing that could be
15 politically embarrassing?

16 THE WITNESS: That the things, that whatever
17 he was doing to support the contras.

18 MR. LIMAN: And what was he doing to support
19 the contras, as you understood it?

20 THE WITNESS: Well, I mean I have bits and
21 pieces of it from my notes and my day-to-day involvement.

22 MR. LIMAN: I understand that. But, you know,
23 the notes have become so much of a crutch for you, if I
24 may say, that it's almost as if you weren't there and
25 that it was somebody who can just read the notes well.

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109

1 And what I'm trying to do, knowing, you know, that the
2 notes may refresh your recollection, they may lead you to
3 correct your recollection, but to assume for a moment
4 that Fawn made a mistake and shredded your notes as well,
5 you still would have been there. Some of these things
6 would clearly have left some imprint on your
7 recollection.

8 So I want you to throw away the crutch and
9 just see if you could tell me what you understood he was
10 doing for the contras with as much particularity as your
11 memory can summon.

12 THE WITNESS: Well, at any of the activities
13 that I knew that Colonel North was doing, like talking to
14 Jim Steele, Ambassador Corr, all of these people, that
15 that could be embarrassing to the President and the
16 Administration, that it would identify the loophole
17 through which the Administration was going and cause
18 Congress to pass legislation to close that loophole.

19 MR. LIMAN: Well, except that in 1986, in the
20 summer of '86, when we're talking about it, Congress was
21 on the verge of appropriating \$100 million for contra
22 support without virtually any restrictions, most of it
23 for lethal aid.

24 THE WITNESS: Well, I don't recall the vote
25 and the timing.

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110

1 MR. LIMAN: Well, it was contemplated. It was
2 not a surprise when that appropriation bill came through,
3 because by the summer of '86 the handwriting was on the
4 wall.

5 THE WITNESS: Well, my recollection is that
6 there was an earlier vote that went the other way and
7 that this was another visitation of that and could have
8 gone either way.

9 MR. LIMAN: So was there concern that if what
10 Colonel North was doing came out that the Congress could
11 have flip-flopped again?

12 THE WITNESS: Well, I'm not relating to that,
13 to anything specific. I'm just saying generally. I'm
14 referring to nine months' worth of knowledge with that
15 statement

16 MR. LIMAN: Well, let's talk about things that
17 I think you probably knew that Colonel North was doing.
18 I mean, did you think that Colonel North was planning
19 military campaigns for the contras?

20 THE WITNESS: Even that one's hard to answer
21 in terms of being a military advisor and telling the
22 contra leadership how to do certain things or planning an
23 operation for them, no. In the context of being very
24 concerned with the contra cause and brainstorming of
25 ideas, yes. I mean, he was always thinking about what

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111

1 was going on in Nicaragua and related countries and
2 keeping abreast of the military campaign from an
3 intelligence viewpoint and brainstorming.

4 MR. LIMAN: Was he involved, so far as you
5 knew, in planning where the contras would get their air
6 drops?

7 THE WITNESS: I wouldn't be able to identify
8 when in the nine months I knew exactly what, but
9 certainly cumulation of involvement, passing on phone
10 calls, the KL-43 notes, that I eventually became aware
11 that this Second operation was doing air drops in
12 Nicaragua for the contras and that Colonel North was
13 aware of a lot of the details of that operation.

14 Now whether he was planning them, that I don't
15 know.

16 MR. LIMAN: Were you aware that Colonel North
17 was concerned about the fact that the contras had not
18 been given funding by the United States Congress for the
19 lethal activities?

20 THE WITNESS: Was I aware that Colonel North
21 was concerned that Congress would not appropriate lethal
22 aid? Is that the question?

23 MR. LIMAN: Yes. Was he concerned about
24 getting the money for lethal aid?

25 THE WITNESS: Yes. I mean, he was aware that

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112

1 the program under which \$27 million had been appropriated
2 was not enough, yes.

3 MR. LIMAN: And you understood that that was
4 why money was being used from the Iranian arms sale for
5 the contras, right?

6 THE WITNESS: Well, I was aware that some
7 monies from that were being used in support of the
8 contras. I didn't necessarily correlate it to the
9 specific deficiencies that you just identified, but I
10 knew it was in some way going to help the contra cause.
11 But whether it was for the purchase of arms or for the
12 air drop or for what facet of supporting the contras, I
13 never did know that.

14 MR. LIMAN: Did he ever talk to you about the
15 fact that the contras needed bridge financing?

16 THE WITNESS: I have heard that term and I
17 think I have heard it before, whatever references there
18 are, since November, but I'm not positive of that. I
19 don't think that I didn't hear the term until Tower. I
20 think I heard it before.

21 MR. LIMAN: Did he ever tell you how much
22 money was being generated for the contras by the Iranian
23 arms sales?

24 THE WITNESS: No, he did not.

25 MR. LIMAN: Did he ever talk to you about the

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113

1 fact that the Secord operation needed money?

2 THE WITNESS: No. I don't believe he did,
3 although, related to that, it caused me to recall that
4 there would be notes that would come on the KL-43 that
5 were related to financial difficulties, that the pay was
6 late, or that people weren't being paid or something like
7 that, which would suggest a pay problem or a money
8 problem.

9 MR. LIMAN: Were you aware of any efforts to
10 sell the assets of either Project Democracy or the Secord
11 organization to the CIA once it was allowed to come back
12 in?

13 THE WITNESS: I recall that I think that there
14 was discussion of both giving and selling, that it was
15 not exclusive reference to either, that both
16 possibilities were talked about by various people. I
17 think that's correct.

18 MR. LIMAN: Who do you remember talking about
19 it? Who wanted to sell it and who wanted to give it
20 away? Because they are generally pretty exclusive
21 things.

22 THE WITNESS: Well, the two Don Gregg meetings
23 that we have previously talked about started in on that
24 issue of the transition, if you will, from what Secord's
25 operation was providing and what the CIA would start up

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114

1 with. I am not really recalling any specific
2 conversation that I can say person X was saying sell,
3 person Y was saying give.

4 I can recall that [REDACTED] was conveying the
5 view that the CIA didn't want anything from the operation
6 that was previously there, that the CIA's position was it
7 was going to [REDACTED]

8 MR. LIMAN: It wanted to [REDACTED] right?

9 THE WITNESS: Yes. I mean, I understand the
10 conceptual distinction you are making in your question,
11 but it doesn't make any sense to me because I'm not
12 recalling anything except that I heard both things talked
13 about.

14 MR. LEON: Well, what was Ollie's position?

15 MR. LIMAN: I'm going to come to that. It's
16 not a matter of conceptual distinction. Generally, if
17 somebody wants to give something away then they don't ask
18 for money for it. So either somebody said look, I prefer
19 to sell it, or they didn't. Do you have any recollection
20 of let's take first the position of the Second group, the
21 owners? What was their position?

22 THE WITNESS: I don't think I can even
23 identify and distinguish the Second group from Colonel
24 North or anybody else who might have talked about this.
25 The only other thing that I -- recalling that there was

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

115

1 discussion of both, it seems to me that the selling would
2 have preceded the free discussion, but I'm not even
3 positive of that. I mean, that would make sense to me.

4 And the way I am remembering all of this, that
5 there would have been an attempt to recoup some of the
6 money expended in purchasing these assets and other debts
7 or whatever and with the opposition that I have already
8 mentioned to that from CIA, of wanting to [REDACTED]
9 [REDACTED] it follows to me logically that there would be a
10 position of giving away from that, which was also
11 rejected.

12 But I'm not positive of that. I'm starting to
13 speculate, which I don't really want to do.

14 MR. LIMAN: I think what you're doing is
15 deduction and speculation, and I'm looking for memory.

16 THE WITNESS: No.

17 MR. LIMAN: Do you remember North's position
18 on any of this?

19 THE WITNESS: My only recollection is that I
20 think both were discussed, were talked about in that time
21 frame.

22 MR. LIMAN: Who do you remember discussing it?

23 THE WITNESS: I don't know. What I am lumping
24 into there is probably Secord and North, but I'm unable
25 to differentiate.

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116

1 MR. LIMAN: Dutton?

2 THE WITNESS: Possibly. I mean, I associate
3 that with Secord.

4 MR. LIMAN: Were you ever together with North
5 and Secord when they discussed this?

6 THE WITNESS: I don't believe so, no.

7 MR. LIMAN: Or with North, Secord and Dutton?

8 THE WITNESS: I can't recall that those things
9 were discussed in any of the meetings that I sat in on
10 with Dutton, Secord and North or any mixture of those.

11 MR. LIMAN: Have you testified to what
12 meetings you had with Dutton?

13 THE WITNESS: No.

14 MR. LIMAN: Tell us what meetings you had with
15 Dutton.

16 MR. KIRK: May we go off the record?

17 (A brief recess was taken.)

18 MR. LIMAN: Back on the record.

19 Colonel Earl, I understand that you are
20 talking about events that occurred more than a year ago,
21 that you were handling scores of other projects, that
22 many of these cases you were basically taking messages or
23 information for Colonel North and just passing it on or
24 doing vice versa, and that since you were not the prime
25 mover in these projects you were not always familiar with

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117

1 all the details and that they all leave imprints on your
2 memory.

3 I also know that your memory can be subject to
4 correction when you look at the notes or even can be
5 subject to correction when you hear other witnesses
6 testify after you. And with all of those caveats and
7 bearing in mind that all that you are going to try to do
8 is make your best effort at recalling the substance of
9 what happened and what was said, can you tell us what you
10 recall of your meetings with Mr. Dutton?

11 THE WITNESS: Okay. I think my first meeting
12 with Bob Dutton was in a restaurant and I'm not sure of
13 the time frame. It may come later.

14 But it was a meeting over some problem that
15 had arisen and Colonel North was not available, and that
16 I was going to have to try to take care of it. And so we
17 met at a restaurant out near Tyson's Corner, because I
18 didn't know what he looked like when I met him, so I
19 recall having to arrange exactly where we would meet, and
20 he didn't know what I looked like either.

21 So that was the first meeting. If I could
22 remember what the problem was it might help the time
23 frame. I can't right now even recall the problem. There
24 are a couple of problems I recall dealing with him, so it
25 may have been one of those.

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118

1 MR. LIMAN: What problems?

2 THE WITNESS: One concerned Max Gomez and this
3 meeting, a couple of meetings, in Don Gregg's office.

4 BY MR. BELNICK: (Resuming)

5 Q In August of 1986?

6 A In August of 1986, so it could possibly have
7 been in that time frame. Another problem which is a
8 candidate, I guess, a possibility, although this one
9 seems a little late in time, is the shooting down of the
10 C-123, the Hasenfus episode, and that was October, I
11 believe. And it's possible that that was my first
12 meeting with him.

13 So one of those two are possible, or it could
14 have been a third that I'm not recalling.

15 MR. LEON: Let me help you in one respect
16 there. On June 25 Colonel North met with Dutton and
17 Gomez in his office and, according to different accounts,
18 woodshedded him, Gomez, on his conduct down there.

19 THE WITNESS: And what? Woodshedded?

20 MR. LEON: Reprimanded him. That was on June
21 25, the day the contra aid vote came through. Now could
22 it have been before then?

23 THE WITNESS: I don't recall that meeting. I
24 don't think I knew. Well, I know I didn't know Max Gomez
25 then.

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119

1 MR. LEON: As early as that?

2 THE WITNESS: My first meeting with Max Gomez
3 was in that very first meeting in August with Don Gregg,
4 so I know I wasn't in that meeting. I did not meet Max
5 Gomez. I did not. I don't think I knew Dutton then
6 either, but I'm not sure.

7 MR. LEON: Okay.

8 THE WITNESS: So those are two problem areas.
9 That's one meeting that I recall. I recall another
10 meeting with him, him being Dutton, with Colonel North,
11 and that was some time after the C-123 incident. Colonel
12 North was out of the country when the C-123 was actually
13 shot down, so it was at whatever point, however many days
14 after that he finally returned to the country and then
15 had a meeting.

16 I recall a meeting with Colonel Steele and Bob
17 Dutton and me in -- I think it was in the Watergate
18 Hotel, and again that concerned some problem with the
19 operation. It may have been the Max Gomez thing or it
20 may have been something else with other internal problems
21 on the operation and Colonel Steele's inability to help
22 on that.

23 So that's what, three meetings with Dutton. I
24 talked to him on the phone a lot. I mean, I couldn't
25 begin to count the phone calls, but meetings, I don't

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120

1 think he ever came in to the Old Executive Office
2 Building. I don't think I ever met him there. He may
3 have come for other reasons that I wasn't there, but I
4 don't think I ever had a meeting with him. I think all
5 three of those that I'm talking about were meetings
6 outside the building. And right now I'm not recalling
7 any other meetings.

8 MR. LIMAN: What do you remember about the
9 Hasenfus affair at that meeting?

10 THE WITNESS: Okay. That was a meeting with
11 Colonel North, Bob Dutton and myself, and it was a
12 meeting to discuss the Hasenfus situation and the fact
13 that Hasenfus was captured and what to do about that,
14 what to do about the logistics on the bodies of the pilot
15 and the copilot.

16 MR. LIMAN: Well, was there discussion about
17 the fact that Hasenfus was working for Dutton?

18 THE WITNESS: No one specifically mentioned
19 that. It was clear to me from the context that that was
20 one of Secord's airplanes and that Hasenfus was a crew
21 member, a member of that operation.

22 MR. LIMAN: Was there any discussion about the
23 fact that the United States Government was denying any
24 involvement in it?

25 THE WITNESS: I don't recall specifically, but

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121

1 the statements that the State Department had been making
2 on that affair could have been discussed. I mean, that's
3 not inconsistent with kind of the subject and the broad-
4 ranging nature of what in my recollection was suitable
5 for discussion at that meeting.

6 MR. LIMAN: Do you remember anything about
7 talking about a cover story or whether there had to be a
8 cover story?

9 THE WITNESS: Not per se, not that I can
10 recall right now. Let me give you what I can recall from
11 it. There was an initial reference to getting a beeper
12 in on Hasenfus so that his location could be identified
13 in case there were, or to develop a potential for a
14 rescue, and I think there was some discussion about some
15 of the logistics on the pilots' bodies, funeral expenses,
16 and relations with the State Department on that aspect.

17 I also recall a list that Bob Dutton had drawn
18 up of questions, just hypotheticals, what-ifs, trying to
19 anticipate the way this thing could go, what could
20 happen, and what needed to be thought about and resolved.
21 And I recall that there was a phone call. This was in a
22 restaurant or a bar. There was a phone call from Fawn
23 for something that had to be picked up over there or
24 whatever, but anyway the manager called for -- it was Mr.
25 McAlister and so he answered the phone and it was Fawn

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122

1 calling for Ollie.

2 And the phone message was that there was
3 something over at the office that had to be picked up, so
4 I wound up going back to the office in order to get this
5 and left the two of them to finish their conversation. I
6 went back to the office, got whatever it was that Fawn
7 had, and I think came back to the meeting, although at
8 that point it was -- yes, I did. It was done at that
9 point.

10 I went out and they both got in their car and
11 left, and then I went. So I came back to this meeting
12 place.

13 MR. LIMAN: How many meetings do you recall
14 with General Secord?

15 THE WITNESS: There were -- there's more than
16 one out at CIA headquarters, as in a few or maybe
17 several.

18 MR. LIMAN: At CIA headquarters?

19 THE WITNESS: At CIA headquarters -- more than
20 one; maybe two, three or four. I don't know. This is on
21 the Iran hostage case. I don't think he was at that one
22 that I mentioned earlier in Clair George's office. I'm
23 not sure; he might have been, but I don't think so.

24 He was at one -- I have a recollection of him
25 driving to the gate and waiting and that we met him there

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123

1 and proceeded in, and I know he went in but I can't place
2 him in a room at which we had the meetings. One meeting
3 I recall was in Clair George's office; another one was in
4 [REDACTED] office; another was in a conference room
5 somewhere that [REDACTED] folks had acquired and I just
6 don't know which one he is sitting in.

7 MR. LIMAN: Did you talk about pricing in any
8 of these meetings?

9 THE WITNESS: There is what I think is the
10 last meeting, but it may not necessarily be the last, but
11 one of the later meetings out at CIA headquarters, and I
12 think Nir was there. But, anyway, there was discussion
13 at that meeting of pricing, and I'm not sure whether
14 Secord was at that or not.

15 MR. LIMAN: Was that a meeting at which the
16 discussion was of pricing of future transactions or of
17 the Iranians' complaints?

18 THE WITNESS: I don't know. I can't answer
19 that right now.

20 MR. LIMAN: Do you have any recollection of
21 any meeting at the CIA in which there was a discussion of
22 the use of proceeds for the contras?

23 THE WITNESS: No.

24 MR. LIMAN: There was never any discussion
25 there about the fact that the Iranians might make that

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124

1 claim or that some of the financiers might claim that
2 they were shortchanged because money went to the contras?

3 THE WITNESS: I don't think so. This might
4 help, and I think we've already talked about it. There
5 was the issue that you alluded to of dissatisfaction with
6 the high prices. It had been an issue. I don't think at
7 that meeting that we were just talking about that the
8 Iranians eventually delivered these 40-some microfiche,
9 that that pertained to this issue of how to explain the
10 price.

11 But I'm not sure that this meeting that I'm
12 recalling, I'm not sure that that was the driving force
13 behind the meeting or whether it was the next delivery or
14 what.

15 MR. LIMAN: So you remember meetings with
16 General Secord at the CIA?

17 THE WITNESS: Yes.

18 MR. LIMAN: Where else do you remember a
19 meeting?

20 THE WITNESS: In Colonel North's office.
21 General Secord would come fairly often.

22 MR. LIMAN: Do you have any recollection of
23 any discussions of those meetings?

24 THE WITNESS: Let's see. Well, I recall a
25 series of meetings in development of the chronology and

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125

1 General Secord is one of the participants in helping to
2 offer up the facts of the Iranian episode.

3 MR. LIMAN: Was he at more than one meeting on
4 the chronology?

5 THE WITNESS: I think so. I'm not positive,
6 but my recollection is that he was a significant
7 participant in that, that he had a lot of the facts and
8 figures and knowledge in his head, and so he was there
9 more than once in that week or ten-day or two-week
10 period, whatever it was.

11 MR. LIMAN: But do you remember Secord in
12 connection with meetings on the chronology?

13 THE WITNESS: Yes. I remember him there in
14 relation to secure voice telephone calls to the Iranian
15 intermediaries, Channel 2.

16 MR. LIMAN: Using your phone?

17 THE WITNESS: Using the commercial secure, the
18 commercial encryption device provided by, I guess --

19 MR. LIMAN: The KL-43?

20 THE WITNESS: No, a different one.

21 MR. LIMAN: Provided by the United States
22 Government?

23 THE WITNESS: No.

24 MR. LIMAN: No?

25 THE WITNESS: Provided by others.

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126

1 MR. LIMAN: Oh.

2 THE WITNESS: We can go off the record if you
3 want to go further into that.

4 MR. BELNICK: Off the record.

5 (A discussion was held off the record.)

6 MR. BELNICK: Back on the record.

7 THE WITNESS: I recall seeing General Secord
8 coming to Colonel North's old office, Room 392, and
9 either coming out of his office or waiting in the two
10 chairs in front of Fawn's desk to go in and have a
11 private meeting with Colonel North. So I recall seeing
12 him there on business with Colonel North but not a
13 meeting that I participated in.

14 And I recall one meeting at General Secord's
15 home which was a follow-up meeting from, I think, one of
16 the CIA meetings, I think on a weekend, that we had had a
17 meeting at CIA and then there was some residual to be
18 discussed. So Colonel North and I drove over to General
19 Secord's home.

20 MR. LIMAN: Do you remember what you discussed
21 there?

22 THE WITNESS: Well, I think it was Iran, but I
23 don't know which arms transaction or which episode. I
24 can't get it in time. I have a feeling it's later in the
25 process, so that we're talking about Channel 2 and the

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127

1 last shipment of TOWS, but I'm not sure of that.

2 MR. LIMAN: Now you've seen in the Tower
3 report at least some PROF notes in which North talks
4 about Lake as "our" contra company, "our" proprietary --
5 words to that effect. Did he ever use those words with
6 you?

7 THE WITNESS: I don't think so, although if he
8 did I would have interpreted it in an almost royal "we"
9 sense, not in the sense of the way I was struck in
10 reading it.

11 MR. LIMAN: Well, the royal "we" to me means
12 "I" and you use "we".

13 THE WITNESS: Okay. I've said it bass-
14 ackwards. In the context of that my feeling at the time,
15 when I was on the staff, before reading the Tower report,
16 was that there was this private organization, Secord was
17 doing this service, and that Colonel North had some
18 affiliation with it. I mean, he was getting information
19 from it or he was dealing with people on it, but that he
20 was not a member of it, that he was not a part of the
21 organization, that he was not a board of director, if you
22 will, of Democracy, Inc., which was a more familiar way
23 of referring to this firm.

24 MR. LIMAN: And you understand what a
25 proprietary is, don't you, in CIA terms?

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

128

1 THE WITNESS: CIA proprietary, yes, I
2 understand.

3 MR. LIMAN: Did he ever speak of Lake or the
4 Secord organization as an NSC proprietary?

5 THE WITNESS: Not that I can recall, no.

6 MR. LIMAN: Did you view it that way?

7 THE WITNESS: I'm having difficulty with that
8 because I never really focused on it in those terms
9 before, and so I am doing this after the fact.

10 MR. LIMAN: Well, I don't want you to do it
11 after the fact. Let's just stop on that. Let me put the
12 question to you differently.

13 You understood that you were working on a
14 markup of 370 percent. That's the way you were doing the
15 arithmetic on prices, correct?

16 THE WITNESS: Yes.

17 MR. LIMAN: And you understood that this money
18 was going into an account in Switzerland, correct?

19 THE WITNESS: Yes.

20 MR. LIMAN: And you didn't think that this
21 money belonged to Oliver North personally, right?

22 THE WITNESS: No.

23 MR. LIMAN: And there wasn't any doubt in your
24 mind that Oliver North was not making money out of these
25 transactions, correct?

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129

1 THE WITNESS: Correct.

2 MR. LIMAN: Now who did you think you were
3 giving a 370 percent profit margin to? I think you can
4 handle this without counsel.

5 MR. KIRK: Let me do my counsel's job, if you
6 please.

7 MR. LIMAN: I know that. I'm not trying to
8 embarrass him. I just want him to focus on that with me.

9 THE WITNESS: But my problem is I have never
10 really focused in the terms in which you identified.

11 MR. LIMAN: Then say that. I never thought of
12 who I was giving 370 percent to.

13 THE WITNESS: Okay. Could we go off the
14 record for a minute?

15 MR. LIMAN: Sure.

16 (A discussion was held off the record.)

17 MR. LIMAN: Back on the record.

18 Colonel Earl, at one point in time you
19 understood you were working on a schedule which would
20 provide for a profit margin, a gross profit margin of 370
21 percent, correct -- doing it at 3.7 times cost?

22 THE WITNESS: Yes, it would be incorrect to
23 say that I had used the terms profit margin.

24 MR. LIMAN: That's my term.

25 THE WITNESS: That's your term, so that's even

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130

1 one step further than I took it in my own mind. But it
2 is the logical extension.

3 MR. LIMAN: I stand corrected. You understood
4 that Ghorbanifar was going to be paid substantially more
5 to the account than the CIA was charging, correct?

6 THE WITNESS: Yes, I think that's accurate.

7 MR. LIMAN: That's fair?

8 THE WITNESS: That's fair.

9 MR. LIMAN: And you understood from something
10 that Colonel North said to you that part of this money
11 was going to the contras, correct?

12 THE WITNESS: To support the contra cause. ' It
13 may not have been going to the contras, but in support of
14 the contra cause.

15 MR. LIMAN: And did you ask him what kind of
16 arrangement he had with the account holders for that
17 money?

18 THE WITNESS: No, I did not.

19 MR. LIMAN: And you didn't ask him what
20 percentage was going to support the contra cause?

21 THE WITNESS: No, sir.

22 MR. LIMAN: And you didn't ask him how it was
23 going to the contra support?

24 THE WITNESS: No, sir.

25 MR. LIMAN: Did you think about whether it was

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131

1 being used for the airlift operation?

2 THE WITNESS: Again, I'm not sure that I
3 consciously linked the two as you are suggesting, but
4 from what I knew --

5 MR. LIMAN: Let me just say that I'm not
6 trying to suggest it.

7 THE WITNESS: Well, that's not inconsistent.
8 I mean, that's logical, but I'm not sure I even linked it
9 quite as explicitly as you suggest.

10 MR. LIMAN: Let me try it differently. You
11 understood that Secord was involved in the airlift
12 operation; am I correct?

13 THE WITNESS: Yes.

14 MR. LIMAN: And you understood that Secord was
15 involved at least in the logistics of the Iranian
16 transaction?

17 THE WITNESS: And more than that, and the
18 negotiation.

19 MR. LIMAN: And in the negotiation?

20 THE WITNESS: Yes.

21 MR. LIMAN: The negotiation of the price to
22 the Iranians?

23 THE WITNESS: The total negotiation, which
24 would include price, I assume. I don't know that. I
25 mean, he was one who talked in Channel 2, was talking to

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132

1 the Iranians.

2 MR. LIMAN: Well, let's go back to Channel 1
3 before you even get to Channel 2. Let's take it step by
4 step. You knew that Secord was involved in logistics in
5 the Iranian transaction.

6 THE WITNESS: Yes.

7 MR. LIMAN: You knew that he was involved in
8 discussions on the whole approach to the Iranian
9 initiative with Ghorbanifar and others, or did you not?

10 THE WITNESS: Well, I think that's fair. I'm
11 just trying to recall.

12 MR. LIMAN: You're not sure when you learned
13 that? Is that what's bothering you?

14 THE WITNESS: Well, for example, in the May
15 time frame, when I am talking to General Secord on the
16 phone in Tel Aviv, I'm not sure it's clear to me at that
17 time how substantively he's involved on the negotiations
18 and the whole relationship, that it's only logistics or
19 whether it's something more. I'm not sure. I know it's
20 logistics for sure, but it may be more at that point.

21 MR. LIMAN: Well, when he's in Tel Aviv and
22 they're in Tehran, you probably assumed that they were
23 doing the negotiations in Tehran and he was really the
24 communications link or one of the communications links
25 between you and Tehran; isn't that fair to say?

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133

1 THE WITNESS: Certainly, and it's possible
2 that he was more than that, but I'm not sure if that was
3 true.

4 MR. LIMAN: Right. You don't know.

5 THE WITNESS: I can't recall whether any of
6 the discussions that we had would lead me to conclude
7 that he was more deeply involved in that, substantively
8 involved in the relationship.

9 MR. LIMAN: Did you understand that he had any
10 control over the bank account into which the proceeds of
11 the arms sales were going?

12 THE WITNESS: On more than one occasion, on at
13 least one occasion, on more than one occasion, I received
14 a phone call from the CIA asking to confirm the bank
15 account number of the CIA Swiss bank account into which
16 the money was to be deposited, so that CIA could pay DOD
17 for the arms, that the money, even though it was supposed
18 to be there at that point, had not shown up.

19 It was late and CIA was wanting to backtrack
20 through this complicated chain to see where it was hung
21 up and passed to me the number of the bank account to
22 double-check the number to make sure that it had been
23 passed correctly and that it hadn't gone to somebody
24 else's account, and that when they passed me this
25 information it was for Colonel North or General Secord,

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134

1 that either of them would do as far as being able to
2 accomplish that purpose.

3 MR. LIMAN: Now you understood that Colonel
4 North was acting as an agent of the United States
5 Government?

6 THE WITNESS: Was acting as an agent of the
7 United States Government? North was an employee of the
8 NSC.

9 MR. LIMAN: Well, that's an agent. He was
10 acting not for himself but for the United States
11 Government, correct?

12 THE WITNESS: Yes.

13 MR. LIMAN: And did you understand that Secord
14 in receiving this money, in disbursing the money, was
15 acting for the United States Government?

16 (Pause.)

17 THE WITNESS: I don't know if I really focused
18 on that. I assume so.

19 MR. LIMAN: But you don't know whether you
20 thought of it at the time and no one told you at the time
21 that Secord is acting for the United States Government in
22 receiving an disbursing these funds; is that fair to say?

23 THE WITNESS: Well, it was clear to me that
24 this was a covert operation in which he was involved and
25 that he was doing certain things that were not .

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135

1 incompatible with the Administration desires and
2 objectives and part of this covert plan.

3 MR. LIMAN: But did you think whether apart
4 from the expenses of the operation and reasonable
5 compensation at the time and services, whether Secord was
6 to receive profit from this?

7 THE WITNESS: I don't think I ever focused on
8 that.

9 MR. LIMAN: You never focused on it?

10 THE WITNESS: That there was a profit margin
11 or not, no.

12 MR. LIMAN: And that was not anything that you
13 discussed with Colonel North?

14 THE WITNESS: No, sir.

15 MR. LIMAN: Did you ever discuss with Colonel
16 North why the money was going through a bank account that
17 Secord seemed to be connected with rather than a CIA
18 account?

19 THE WITNESS: No, sir. I never did.

20 MR. LIMAN: Was there any reason that was ever
21 advanced to you why the CIA couldn't have established a
22 covert bank account?

23 THE WITNESS: It did. That was the bank
24 account into which the money was deposited.

25 MR. LIMAN: Well, was there any discussion

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136

1 with you as to why they needed another account, the Lake
2 account?

3 THE WITNESS: No, sir, not that I can recall.
4 I mean, CIA knew that. Colonel North knew that. Second
5 -- I mean everybody who was in this operation knew it and
6 accepted it. It just seemed like the way it was set up.

7 MR. LIMAN: Now you had never seen anything
8 like this before -- is that fair to say -- of marking up
9 the price of goods so that the money could be used for a
10 covert purpose?

11 THE WITNESS: I think that's fair. I had
12 never been involved in a similar covert operation like
13 this, yes.

14 MR. LIMAN: And so you assumed that whoever
15 established this mechanism knew what he was doing?

16 THE WITNESS: Yes, sir.

17 MR. LIMAN: And you testified before that you
18 were told by North that Casey knew.

19 THE WITNESS: Yes. At one point Colonel North
20 told me about what -- I'm sorry.

21 MR. LIMAN: About the fact that money was
22 being used for the contras.

23 THE WITNESS: Yes. At one point Colonel North
24 told me that he had told Director Casey that, yes.

25 MR. LIMAN: Do you remember how soon after you

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137

1 learned of this -- by "this" I mean of the fact that
2 money was being used for the contras?

3 THE WITNESS: Oh, I can't place that
4 conversation in time. It's sometime, obviously, after I
5 knew of it, which I think was about the April-May time
6 frame. But I'm not sure.

7 MR. LIMAN: What occasioned him to tell you
8 that Casey knew?

9 THE WITNESS: I don't know. I'm not attaching
10 that to any particular -- I have a recollection. It's a
11 very distinct memory, but it is not associated with
12 anything.

13 MR. LIMAN: When you heard that money was
14 being used for the support of the contras did you think
15 that there was anything peculiar about it?

16 THE WITNESS: Peculiar?

17 MR. LIMAN: Yes, that it was unusual,
18 idiosyncratic, that this is the way money would be
19 generated to help the contras?

20 THE WITNESS: I thought it was a rather
21 innovative sting on the Ayatollah in a way to make this
22 whole hostage negotiation business, which no one felt
23 very comfortable with. It had a lot of things that
24 people didn't like -- a way to take a negative and turn
25 it to advantage for the country with some pluses coming

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138

1 out of a bad situation.

2 MR. LIMAN: Did North tell you about it?

3 THE WITNESS: No, that's my -- you asked for
4 my reaction, my judgment, I thought when I was told, and
5 that was what I thought at the time. I don't think he
6 mentioned anything like that. He only told me that some
7 money, that some money was going to support the contra
8 cause.

9 MR. LIMAN: You knew this was very secret.

10 THE WITNESS: Yes.

11 MR. LIMAN: And you knew indeed that if it
12 became revealed that it could affect the fate of the
13 hostages.

14 THE WITNESS: Very definitely.

15 MR. LIMAN: Did you also have any feeling as
16 to whether it might be illegal?

17 THE WITNESS: I don't think I focused on that.
18 Even now I don't think it was.

19 MR. LIMAN: Now you're not going to play
20 lawyer with me, are you?

21 THE WITNESS: That's the last thing I would
22 like to become or play or emulate.

23 MR. LEON: You're asking him for a layman's
24 opinion.

25 MR. LIMAN: I assume -- and tell me if I'm

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

139

1 correct, but I assume, Colonel Earl, that if North told
2 you that he was about to do something that you thought
3 was illegal, such as rob a bank to get money for the
4 contras, that you wouldn't just simply write it down in
5 your book.

6 THE WITNESS: I would not have been a party to
7 something that I knew was illegal, that clearly was
8 illegal to me. I mean, it's my obligation and my duty to
9 not carry out an immoral or illegal order.

10 MR. LIMAN: And wouldn't you have said to
11 Oliver North, who you clearly respected and admired,
12 Ollie, there are some limits to what you ought to do for
13 a good cause?

14 THE WITNESS: Yes, sir. In fact, I guess I
15 prided myself on the devil's advocate role that I felt
16 that I could play for him whenever I could. He trusted
17 me. He listened to me. He respected my judgment and
18 when I felt he was wrong then I would tell him so and he
19 would listen to it and take it aboard and would
20 acknowledge that when he had made a mistake in the past
21 on certain things.

22 So that was one of the things that I thought I
23 could do.

24 MR. LIMAN: And you didn't do it on this?

25 THE WITNESS: I did not, because I didn't

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140

1 think there was anything wrong with it.

2 MR. LIMAN: Why didn't you write it in your
3 book? You write so much else in your book. Why didn't
4 you make a single reference to this in your book?

5 THE WITNESS: I don't know. Most of the
6 references in my book are phone calls.

7 MR. LIMAN: Messages?

8 THE WITNESS: Messages that I have to jog my
9 memory on something that came in so that I can pass it to
10 somebody, and there's going to be subsequent follow-up
11 action on my part, that I don't want to forget something
12 that I have to do. This wasn't something that required
13 action on my part or that I had to remember in order to
14 take any action.

15 MR. LIMAN: Now you said that you did play
16 devil's advocate with North. Can you recall any
17 occasions in which you discussed some things that North
18 was going to do and you counseled either caution or don't
19 do it?

20 THE WITNESS: Well, right now I can recall an
21 after the fact playing of that role in order to help in
22 future with interagency cooperation on terrorism that I
23 tried to identify a mistake, if you will, that I thought
24 was a mistake that he had made in a previous terrorist
25 incident in handling it, and suggested to him that there

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141

1 was a different way to have handled this particular
2 aspect, because the way he chose had defined
3 repercussions. I can give you the details if you want.

4 And he acknowledged that. He listened. He
5 took it aboard and he'd say yes, you're right, that was a
6 mistake.

7 MR. LIMAN: Do you recall any problems that he
8 put on your lap besides this one that you referred to,
9 the way he handled the coordination on the terrorist
10 incident?

11 THE WITNESS: I'm not tracking your question.
12 He didn't put that problem on my lap. I offered that for
13 free.

14 MR. LIMAN: But were there times when he came
15 to you and put a problem on your lap and said, Bob, I've
16 got this problem. We've talked about the fact that he
17 was troubled about a Congressional inquiry, that he was
18 left on his own to deal with it. Were there other
19 problems that he came to you with and sought your advice
20 on?

21 THE WITNESS: No. That's not really tracking.
22 He wouldn't dump a problem on my lap. I mean, he would
23 deal with his problems.

24 MR. LIMAN: And you would observe it.

25 THE WITNESS: And I would help him with it if

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

142

1 I could, but that doesn't track with my perception of
2 Ollie North. He would feel that that was shirking his
3 responsibility. If he had a problem, he would deal with
4 it. He wouldn't dump it on me to help him with it or
5 deal with it.

6 There are occasions when he would confide
7 things in me, just because we were like -- well, I guess
8 like --

9 MR. LIMAN: The Iranian, the diversion?

10 THE WITNESS: The diversion. That to me was
11 one of the confidences that I would put in that category.
12 Another one would be when the negotiations got under way
13 again in the last phase for the last hostage in November
14 or October or even September, whenever it started again,
15 that the Iran initiative got under way again. He
16 confided in me then on the genesis of that and what was
17 driving it.

18 He didn't have to. He wasn't giving me a
19 problem, but he was just sharing something with me in a
20 confidence basis. But I'm getting a completely
21 disconnected type reaction from the way you phrased the
22 question of dumping a problem in my lap.

23 MR. LIMAN: Did he ever tell you that one of
24 the --

25 THE WITNESS: Oh --

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143

1 MR. LIMAN: You can strike that question
2 because he is looking at the Tower report.

3 THE WITNESS: Counsel has pointed out a PROF
4 note here where I was explaining the devil's advocate
5 quote, and it was concerning the tactics of getting the
6 aircraft flight plan clearance and dealing with Nir,
7 where I had an op sec concern on certain things that we
8 were going to share with Nir. So in a PROFs note on
9 playing the devil's advocate role and suggesting that he
10 might be able to protect op sec by not telling certain
11 things to Nir until later.

12 MR. LIMAN: Did North tell you at the time of
13 this Congressional inquiry that he was worried about the
14 diversion?

15 THE WITNESS: No, sir.

16 MR. LIMAN: That did not come up as such?

17 THE WITNESS: No, and I don't think there were
18 any specific worries of any sort that he raised with me.
19 Now I described that he was concerned, but that's my
20 feeling by observing him without specific conversation on
21 anything.

22 MR. LIMAN: Did he discuss the diversion with
23 you in connection with this Congressional inquiry?

24 THE WITNESS: No, sir.

25 MR. LIMAN: Did he discuss the diversion with

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144

1 you at the time he was working on the chronologies?

2 THE WITNESS: No, sir. I don't think so. I
3 think we've already gone over this. I have some hazy
4 recollection that there was at least one version or one
5 draft of a chronology or part of a chronology that had a
6 parenthetic reference to value to the contra cause or
7 something in the credit column adding up all the good
8 things out of this relationship with Iran, that there was
9 some cryptic or vague reference to Nicaragua or the
10 contras.

11 MR. LIMAN: You discussed that and you don't
12 know who wrote that particular point?

13 THE WITNESS: I don't know who wrote it and I
14 haven't gotten any feedback from anybody who recalls
15 this. So I'm wondering if I carved that out of whole
16 cloth or what. It may not be true.

17 MR. LIMAN: Well, on that subject, you know,
18 of what you actually remember and what you now think you
19 may not remember, you do remember being told about what
20 we call the diversion.

21 THE WITNESS: Yes.

22 MR. LIMAN: Do you definitely remember the
23 conversation that you have placed on the landing of the
24 stairs?

25 THE WITNESS: Do I definitely recall it?

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145

1 MR. LIMAN: Yes. You do recall it. Did you
2 invent it?

3 THE WITNESS: No. I recall that conversation.
4 In our previous discussion of certain things you tend to
5 remember because of the gravity of them or whatever.
6 That one is in that category. I recall that.

7 MR. LIMAN: Okay. Mark, if you want to go
8 through the notes, go ahead.

9 MR. LEON: On that particular conversation I
10 have heard different versions or seen memos, whatever,
11 different versions of what your recollection is. But
12 before we go back to the notes could you just recount it?

13 THE WITNESS: My recollection is being at the
14 top of the spiral staircase in our office after Colonel
15 North had either resigned or been fired, depending on
16 which version was real, and after the President's phone
17 call to Colonel North, that he, Colonel North, was at the
18 top of the stairs and turned to me, and I think Craig Coy
19 was beside me on the right, and confided that one of the
20 things the President had said in the phone call was that
21 he, the President, recognized or that it was important
22 that he, the President, not know -- words to that effect.
23 I don't have an exact quote.

24 MR. LIMAN: But that was the substance?

25 THE WITNESS: That was the substance, yes.

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146

1 BY MR. BELNICK: (Resuming)

2 Q And you understood that the thing he couldn't
3 know was what we've called diversion?

4 A That's the way I've interpreted it.

5 MR. LEON: But it was he could not know, not
6 he did not know -- that he can't know. It was he could
7 not know?

8 MR. KIRK: Or not know.

9 MR. LEON: You see, that's where I get
10 confused, and there seems to me to be quite a bit of
11 distinction between I did not know, I could not know, and
12 I can't know.

13 MR. LIMAN: You have testified before the
14 grand jury on this one.

15 MR. BELNICK: And on this record also.

16 MR. LIMAN: Yes, and on this record. You've
17 been through this any number of times.

18 THE WITNESS: And it's could not know, as
19 opposed to didn't know -- could not know or can't know as
20 opposed to didn't know. Didn't know is something
21 different.

22 BY MR. BELNICK: (Resuming)

23 Q Well, you understood him to be saying that the
24 President was saying to Colonel North that you understand
25 there are certain things that I as President can't know,

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147

1 and he was sending Colonel North a message. That's how
2 you understood it, right?

3 A Or that he was relaying that some people
4 around him were saying, had made the observations that
5 this thing you don't know about.

6 Q Meaning that even if you do know about it, you
7 don't know about it any more, right?

8 MR. LIMAN: That's the way you would interpret
9 it.

10 MR. BELNICK: That's how you understood it.

11 MR. LIMAN: I mean, look, what Colonel North
12 told you is not necessarily true, believe it or not. But
13 your interpretation of it was this; am I correct?

14 THE WITNESS: Yes.

15 MR. LEON: But I just want to be very specific
16 on one thing, to the extent he does recall. Was it his
17 impression that the President was -- that North was
18 saying the President said I could not know or I can't
19 know. There are things I can't know or things that I
20 could not know.

21 THE WITNESS: I'm not differentiating. You'll
22 have to amplify that for me. I don't see any difference.

23 MR. LEON: You don't see any difference
24 between them?

25 THE WITNESS: No. Explain further between

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148

1 can't and couldn't.

2 MR. LEON: Well, if you're saying I can't
3 know, you mean things like can't right now or in the
4 future, but if you are saying things I could not know,
5 then that would include within it not being told
6 something on a prior occasion.

7 THE WITNESS: You mean I'm the only one who
8 can't differentiate those two?

9 MR. KIRK: May we take a break for a minute?

10 MR. LEON: Let me see if I can explain it.
11 simpler after we take a break. I will see if I can
12 explain it.

13 (A brief recess was taken.)

14 BY MR. BELNICK: (Resuming)

15 Q Are we ready?

16 A I am ready.

17 Q Did you ever have any meetings with the
18 President?

19 A I met the President once when Father Jenko was
20 released and was meeting with Father Jenko's family in
21 the Cabinet room. I met the President then.

22 Q Was that the only occasion?

23 A That was the only occasion. Well, I was in
24 the Oval Office once for another subsequent hostage
25 release, but I didn't meet the President, shake his hand

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149

1 or talk to him or anything.

2 Q You have had a conversation with the
3 President?

4 A No, I have not.

5 Q You testified the first day of the
6 examination, Bob, about North's statement to you on, I
7 believe it was, Friday, November 21, when he returned
8 from a meeting at the West Wing, that it was time for
9 Ollie North to become the scapegoat, or words to that
10 effect; do you recall that testimony?

11 A Yes.

12 Q Aside from that, was there ever an occasion
13 when North told you that he thought he was being treated
14 unfairly in connection with his job, his termination,
15 anything?

16 A I am not recalling anything right now.

17 MR. LEON: What about the Poindexter incident?

18 THE WITNESS: Well, I was about to mention
19 that, but I've already talked about it. That could
20 possibly qualify, that he was trying to get guidance for
21 this thing.

22 BY MR. BELNICK: (Resuming)

23 Q Aside from that?

24 A I have a general impression -- and I don't
25 really know why -- but my impression is that Colonel

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150

1 North was surprised when his release was phrased the way
2 it was -- rather than his resignation being accepted in
3 the manner that Poindexter's was. So that possibly is
4 relevant to your question as well. That's all I'm
5 recalling at the moment.

6 Q Do you recall now whether North told you who
7 had decided that it was time for him to become the
8 scapegoat on November 21?

9 A No. It was just a generic reference from his
10 statement, having come from the meeting -- unidentified
11 who it was coming from -- collectively or an individual,
12 whether he was told to be or whether he volunteered to
13 be. I don't know.

14 Q Did he seem angry when he told you?

15 A No, he didn't seem angry.

16 Q He was just telling you that I'm about to be
17 the scapegoat?

18 A Yes. He was purposeful would be the best
19 adjective. I think I would describe it that because he
20 was beginning to go through material to do a job that
21 needed to be done.

22 Q I know that I've asked you this before.

23 MR. LIMAN: Wait a minute. I'm sorry. He was
24 about to go through material?

25 THE WITNESS: He was going through material

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151

1 when he told me this. He was starting to review files
2 and accumulate material.

3 BY MR. BELNICK: (Resuming)

4 Q A pile to be shredded?

5 A Well, I'm not sure whether he was turning and
6 throwing some in the garbage, but my impression was that
7 he was already then beginning to --

8 MR. LIMAN: Accept the role? Is that what
9 you're talking about?

10 THE WITNESS: Yes.

11 MR. LIMAN: Because, you see, to me when
12 someone accepts the role of a scapegoat he doesn't go
13 around defending himself or protecting himself by
14 shredding documents. Who did you think he was protecting
15 by destroying all these documents?

16 THE WITNESS: The Administration.

17 MR. LIMAN: Okay.

18 MR. LEON: As opposed to the Admiral?

19 THE WITNESS: Well, the whole thing together
20 of what he said there, also with the statement that he
21 said that the Attorney General had said. It seemed to me
22 that the box, the compartment, the Iran project, was not,
23 that phase two on that, which was the explanation to the
24 Congress, was not washing, was not going over, and that
25 therefore the decision was taken to go to phase three,

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152

1 which was termination of the project, that it was
2 politically embarrassing and that the political mistake,
3 if you will, of the whole Iran operation would be blamed
4 on Oliver North.

5 That's the sense that I interpreted that he
6 was going to be the scapegoat for this failure, this mess
7 of the Iran thing, and so he was doing his duty. He was
8 going to be the recipient of the blame for it, and I
9 don't know what.

10 MR. LIMAN: And shred anything that showed
11 that other people were involved?

12 THE WITNESS: And close down the compartment
13 completely on anything sensitive, which would include,
14 for example, the diversion as a very sensitive part of
15 that box.

16 I recall previously in trying to get some
17 guidance from him on things that were sensitive as to
18 not, when Lieutenant Commander Coy, when I inadvertently
19 brought Lieutenant Commander Coy into the box, that he
20 mentioned the pricing and the list on the weapons as
21 being one of those sensitive areas.

22 MR. LIMAN: That he didn't want Coy to know?

23 THE WITNESS: Yes.

24 MR. LEON: Colonel, did you get the impression
25 from anything North said or did with regard to the

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153

1 culling of these documents and the shredding of these
2 documents that Admiral Poindexter was aware of it?

3 MR. LIMAN: Was aware of what?

4 MR. LEON: Was aware of what he was doing, of
5 what North was doing. Did you get any impression from
6 what either North said or what he was doing or how he was
7 doing it that this was something that he was doing with
8 the knowledge of Admiral Poindexter?

9 THE WITNESS: No. There was no specific
10 reference to Admiral Poindexter or anything that was said
11 that would indicate one way or the other beyond a general
12 -- my presumption would have been that Admiral Poindexter
13 was at this meeting in the West Wing that he had
14 attended, from which he came, so that's kind of a general
15 sense of it. But nothing more specific than that

16 MR. LIMAN: Along the same line, shredding of
17 documents, you would agree with me that shredding of
18 documents by one person would be ineffective if there
19 were copies kept by other people, right?

20 THE WITNESS: Certainly.

21 MR. LIMAN: Did you have any discussion with
22 Oliver North about whether others would be shredding
23 documents?

24 THE WITNESS: No, sir.

25 MR. LIMAN: And you had no indication from

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154

1 anyone else about whether anyone else was shredding
2 documents besides the people in your suite?

3 THE WITNESS: No, sir, I did not. No, I had
4 no indication.

5 BY MR. BELNICK: (Resuming)

6 Q Okay. Let's see if we can get through these.
7 Okay, page 164, the 12th of March, 1986. There is this
8 reference, "pills, tested for hallucinogen? Get pills to
9 Rich Miller". What's it mean?

10 MR. LEON: What page is that?

11 THE WITNESS: Page 164.

12 (Pause.)

13 I kind of generally recall having written
14 this, but I don't recall what it was about. It's in the
15 context here of contra, a pro-contra presentation, if you
16 will, that ultimately was presented at the State
17 Department. The President then gave a speech. There were
18 photos around and various Nicaraguans gave short
19 speeches.

20 March? No, I'm not sure if that's the right
21 time frame.

22 BY MR. BELNICK: (Resuming)

23 Q Did anyone give out pills?

24 (Laughter.)

25 A No, no. I don't know. But there are a lot of

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155

1 references on this page to DEA, drug photos, Pablo
2 Escobar.

3 MR. LIMAN: Well, you know what this was
4 about. This was when there was a discussion about the
5 fact that the Sandinistas were exporting narcotics.
6 Isn't that what this refers to?

7 THE WITNESS: Well, the other references are,
8 but I'm not sure if that one.

9 BY MR. BELNICK: (Resuming)

10 Q Get pills to Rich Miller.

11 A It seems to me that somehow we had acquired
12 some pills.

13 Q It's hard work, but someone has to do it.

14 (Laughter.)

15 It may have fit in this category.

16 A And Rich Miller would have gotten them tested
17 to see what they were.

18 Q Somebody would have tested them. All right,
19 we're on to the next notebook.

20 A I mean, part of that display that I mentioned
21 at State Department included a photograph with Frederico
22 Vaughn and Barry Seale in the C-123 which ultimately was
23 shot down, which was the sting on the Nicaraguans, on the
24 Sandinistas for --

25 MR. LIMAN: Drugs.

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156

1 THE WITNESS: For the drugs being smuggled
2 through Nicaragua to the United States, yes.

3 BY MR. BELNICK: (Resuming)

4 Q Okay. We're into the third notebook. This
5 one is your notes from June 17, 1986 to September 5,
6 1986. Now there's a note on page 20, which appears to be
7 the second of July 1986. Most of the page, as you can
8 see, has been blacked out by our friends at the White
9 House and then there's a number 6, and it says:
10 "Treasury -- Bank Secrecy Act, \$10,000 transactions.
11 Must we report it, 501(3)(c) organizations, tax exempt.
12 IRS has all information."

13 A "And they are wide open."

14 Q "And they are wide open. Freedom of
15 Information Act, anyone can get." Do you recall what
16 that note is about?

17 A Do you have the page in front?

18 Q Yes, and the page in front is completely
19 redacted by the redactors.

20 A Well, it appears to be something that occurred
21 in an IG/T meeting.

22 Q What was IG/T?

23 A The interdepartmental group on terrorism. I'm
24 sorry. What are we looking for -- 2 July? IG/T meeting
25 at State at 1000 on 2 July. So I think this is my notes

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157

1 from that meeting, most of which are irrelevant to our
2 discussion here, which is why they are blacked out,
3 because they pertain to terrorism. But whoever did the
4 redactions feels that that one is not irrelevant.

5 Q Well, how do you feel as the author of the
6 note? Does it have anything to do with Central America
7 or Iran? I can see why the redactor left it in.

8 A No, I don't think it does. I think it's a
9 worldwide application on countering terrorism as opposed
10 to something on Central America itself.

11 Q Gotcha. Here's a note, page 24 of your
12 notebook, and as best I can tell from the earlier pages
13 we're still in July. We'll take a look later. Yes,
14 still in July.

15 The note I'm looking at is "G beats on
16 Iranian", correct?

17 A Uh-huh.

18 Q "For using price as an excuse."

19 A Uh-huh.

20 Q What was that all about?

21 A Okay. This is CIA relaying to me, I believe,
22 I suspect CIA relaying to me the substance of a
23 conversation [REDACTED] that occurred
24 [REDACTED] between Ghorbanifar
25 and that individual, and that was the subject.

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158

1 Q An Iranian?

2 A Yes.

3 Q Now there is a note on page 28, and I'm trying
4 to get a date. I think it's clearly still July, around
5 the 6th or 7th of July. "G concluded deal with someone
6 other than the Iranian Channel 1. Another Iranian
7 relative in Paris in contact with G." That's
8 Ghorbanifar?

9 A Correct.

10 Q "Because we were once again lied to, all
11 commitments off. We are closing this thing down." What
12 do those notes mean?


13 A May I see the page before it?

14 Q Yes, certainly. Here's page 27.

15 A Well, I recall that this line, this argument,
16 this statement --

17 Q "Because we were once again lied to"?

18 A Well, I recall it as a negotiating statement
19 that our side would use on at least one occasion, on that
20 occasion, I guess.

21 Q Again, just for the record, this 
22 reference on page 26 has nothing to do with this, I take
23 it, or does it?

24 A No, I don't think it does, but I am looking to
25 see what the rest is around it.

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159

1 MR. LIMAN: What were you talking to
2 about?

3 THE WITNESS: I don't know. This is July?

4 BY MR. BELNICK: (Resuming)

5 Q Yes, July '86.

6 A That looks like a Hill telephone number.

7 Q That is a Hill telephone number.

8 A It could have been he called up to talk to
9 Colonel North and I took the phone number down to relay
10 what was going on.

11 MR. LIMAN: The message to be cited has
12 nothing to do with

13 BY MR. BELNICK: (Resuming)

14 Q Page 29 of your notes, still the same day in
15 July, "mail that was lost was finally found". It appears
16 to be a message from Dutton.

17 A May I see the page in front of it?

18 Q Sure.

19 A Well, this is a phone message that I think I
20 am copying down so that I can get it to Colonel North and
21 it appears to be from Dutton, although I'm not quite sure
22 why I have a question mark there.

23 MR. LIMAN: Maybe because he used one of his
24 many names.

25 THE WITNESS: Okay. That's a good point,

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160

1 because for a long time I only knew him as Bob McAlister
2 and did not know his real name. That's quite true. And
3 maybe even at this point in July I'm treating Dutton as a
4 separate person than McAlister. But, in any case, the
5 substance of the message suggests to me that a KL 43
6 message [REDACTED] that people had been talking
7 about or running or referring to finally was tracked down
8 and showed up.

9 BY MR. BELNICK: (Resuming)

10 Q Okay. Page 59 of your notes, at the end of
11 July 1986, "Ami" -- is that a reference to Ami?

12 A Amir.

13 Q "Ami briefs VP re G-Iranian channel. VP said
14 he thought it had died." Then's a fragment, "VP to".
15 What do you recall about that note? Did someone tell you
16 that Nir had briefed the Vice President in Israel at the
17 time on the Iran?

18 A Yes. Clearly somebody is conveying to me.

19 MR. LIMAN: Is the somebody Gregg, Don Gregg?

20 THE WITNESS: Don Gregg?

21 MR. LIMAN: Watson?

22 THE WITNESS: That's possible. That's
23 somebody on the VP's staff -- Gregg, Watson or somebody
24 else. Could have been passed on to us.

25 BY MR. BELNICK: (Resuming)

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161

1 Q Just so the record is clear, Don Gregg didn't
2 know anything about it, so it probably would have been
3 Craig Fuller, if somebody on the Vice President's staff.

4 A Another possibility is Nir is passing on to us
5 that he had briefed the Vice President, and I have a real
6 note there.

7 Q But you knew nothing more than what someone
8 was reporting to you to give to Ollie?

9 A Correct.

10 Q Okay. Now we are in the period of August and
11 I'm at page 77 of your notes, which begin with references
12 to Felix Rodriguez/Maximo Gomez "suicidal, crazy.
13 helicopter pilot", et cetera. "George Bush real Darth
14 Vader." Why don't you look at those notes and tell me
15 who was giving you that information?

16 (Pause.)

17 A All right. I think that this section of page
18 77 refers to a conversation that I had with Colonel North
19 prior to my meeting with Felix Rodriguez with Don Gregg,
20 the next day or very shortly thereafter and Don Gregg was
21 wanting Colonel North to meet with Felix, who was coming
22 into town, but Colonel North was leaving that night or
23 was going to be out of the country and therefore I was
24 going to represent Colonel North at the meeting.

25 And I asked who the hell is Felix Rodriguez,

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162

1 and so in a couple of minutes or seconds Colonel North
 2 gave me some description of Felix, that he had been a
 3 suicidal, crazy helicopter pilot in Vietnam, I think,
 4 that he had participated in the Bay of Pigs. Yes -- SVN,
 5 that he had been in South Vietnam, that he had somehow
 6 arranged for the Miami mayor to fly to [REDACTED] base
 7 from [REDACTED] on one of the Project Democracy
 8 aircraft, and that these two reporters, who I think are
 9 Miami Herald or Miami Times or something like that, were
 10 breaking a story that was going to claim -- I think the
 11 next line is related -- that George Bush was the real
 12 Darth Vader behind all of this.

13 And that (indicating) is a repeat of the
 14 earlier. Oh, and then he mentioned who [REDACTED]
 15 was, that he was a friend of Max Gomez, the [REDACTED]

16 [REDACTED] was [REDACTED]
 17 Q Did North tell you what Rodriguez was doing
 18 down there in Central America?

19 A I'm not sure whether he told me then or later.
 20 I subsequently learned about this involvement on advising
 21 [REDACTED] in their guerrilla battle and use of
 22 helicopters, I think, in that.

23 Q Did you learn whether he had a role -- "he"
 24 being Rodriguez -- let me ask you again, did you learn
 25 whether he, Rodriguez, had a role in helping the contras?

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163

1 A I gathered from all of this that Felix was not
2 really involved with that, but that because of his
3 relationship to [REDACTED] he had insinuated
4 himself into an indispensable position and was effecting
5 some control and that this was a problem because he was
6 not in the Democracy, Inc. chain of command or structure.

7 Q Didn't North ever tell you that he had given
8 Felix instructions and that Felix was working for him?

9 A I don't think so. I don't think he told me
10 that. My impression was that he was someone who was
11 mucking things up.

12 MR. LIMAN: Out of control, right?

13 THE WITNESS: Yes, sir.

14 BY MR. BELNICK: (Resuming)

15 Q You went to the meeting the next day in Don
16 Gregg's office?

17 A Was that the next day? Whatever the day is.
18 I don't recall specifically.

19 MR. LEON: Let me just ask one question before
20 you go to the next one. Did North indicate on that day
21 that he had previously met with Gomez, with Dutton
22 present, back in June and had reprimanded him back then?
23 Did he indicate that to you?

24 THE WITNESS: I don't think so, no. Until you
25 mentioned that meeting just an hour ago, that's my first

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164

1 knowledge of that meeting of the three of them.

2 BY MR. BELNICK: (Resuming)

3 Q We have pages 80, 81, 82, 83 of your notes,
4 which are all August 8, and I think all pertain to the
5 meeting that you attended. Why don't you look at the
6 notes, scan them first briefly, and confirm that they
7 pertain to that meeting, and then you can use them to
8 refresh your recollection as you tell us what happened at
9 that meeting.

10 A Starting here where it says "Felix"?

11 Q Yes, I believe so. It's starting on page 80
12 of your notes. This was a meeting with you, Don Gregg,
13 and Rodriguez?

14 A And I'm not sure whether Sam Watson was
15 present on that one. I think he was present at at least
16 one of the two meetings, possibly both but maybe only
17 one, and the one being the second one. But I'm just not
18 positive.

19 Q Apart from that, though, apart from Watson
20 being present, it was you, Don Gregg and Rodriguez?

21 A Yes. It may have just been the three of us.
22 If there was a fourth, it would have been Sam Watson.

23 Q Fine. And this was in Gregg's office?

24 A Yes.

25 Q Okay.

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165

1 A Let me just skim through the whole thing to
2 get the context.

3 (Pause.)

4 Q What happened at the August meeting, as your
5 recollection and your notes indicate?

6 A Don Gregg introduced me to Felix. We sat down
7 and they had already been meeting for some time, so Felix
8 had already related to Don Gregg the substance of his
9 concern, but because I did come to the meeting, I came in
10 late, Don asked for him to repeat what he had already
11 told him, Don, and so Felix said that he felt that -- it
12 says the folks buying the aircraft, but the way I
13 interpret it is that the folks operating the aircraft in
14 Central America, the resupply operation, that he thought
15 they were cutting and running, I guess is the best way to
16 describe it.

17 And that [REDACTED] according to Felix,
18 was under the impression that the aircraft that were
19 supporting the contras belonged to the contras as opposed
20 to were an independent entity's property in direct
21 support of, and that therefore rather than lose these
22 contra assets that Felix claimed that [REDACTED]
23 was not going to release the three aircraft [REDACTED]

24 [REDACTED] that the
25 U.S. would lose credibility if this all happened, that

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UNCLASSIFIED~~TOP SECRET/CODEWORD~~

166

1 [REDACTED] would threaten to close down [REDACTED]
2 And there's a reference to SAT having cleared
3 an aircraft down, but I'm not sure exactly what that
4 means any more, but that this aircraft was loaded with
5 medicines. Felix said that Quintero wanted to sell the
6 aircraft for his own profit, and then we got into a
7 discussion of the mayor of Miami and his flight from
8 Miami to wherever it was, whether that was authorized or
9 not.

10 And Felix claimed that General Bermudez had
11 requested that the Mayor of Miami come down and that
12 that's why it was done or why he arranged it and it was
13 authorized, et cetera, et cetera. And then Don Gregg
14 made the observation to me that he had found out from
15 Felix that a man named Tom Clines was involved in this
16 and that Don Gregg felt that this really shocked him,
17 that Tom Clines was a sneak, that he'd sell his own
18 mother, and that it really disturbed him that Tom Clines
19 was involved in this operation in any way.

20 Then back to the subject of [REDACTED]
21 and this business of what to do on the aircraft. Again,
22 Felix threatened that [REDACTED] might impound the aircraft
23 or he may charge \$600,000 for takeoff rights and that he,
24 [REDACTED] was mad and waiting for word and,
25 similarly, [REDACTED]

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167

1 [REDACTED] according to Felix, and that
2 [REDACTED] position was that the three aircraft that were
3 there should stay in business until replaced by Agency
4 means, CIA means.

5 And then I think that's the end of the notes
6 on that meeting. It then leads, later down on page 81,
7 to my -- since Colonel North was not around and this was
8 obviously a problem, my relaying of the substance of the
9 meeting to McAlister, Bob Dutton, so that someone in the
10 organization would be aware of this problem and deal with
11 it.

12 MR. LIMAN: And what did Dutton say?

13 THE WITNESS: I can read that message if you
14 want. Do you want me to read the message or read
15 Dutton's response?

16 MR. LIMAN: Give me the message you gave to
17 him and his response.

18 THE WITNESS: The message I sent to McAlister
19 was that Felix claims the aircraft owners were attempting
20 to cut and run now that they've heard CIA isn't taking
21 over the operation. He says [REDACTED] was not releasing
22 the aircraft because he claims they are contra aircraft.
23 [REDACTED] will close down [REDACTED] and so forth to contra
24 and U.S. actions if the issue isn't resolved. Other
25 threats include charging "landing fees" of \$600,000,

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168

1 exposing the whole operation and so forth.

2 Paragraph two. Regarding the specific charge
3 of air piracy, Felix claims he had cleared the flight
4 with SAT, that it was an already-scheduled but postponed
5 flight of medicines donated by the mayor of Miami. Point
6 three, paragraph three, Felix says General Bermudez had
7 requested the mayor to come down.

8 Paragraph four. The bottom line is [REDACTED]
9 [REDACTED] wants the three aircraft to stay in business
10 until replaced by CIA means. Paragraph five. I'll --
11 referring to me -- that I would be seeing Colonel North
12 tomorrow. Please give me your reaction -- that's asking
13 for McAlister's reaction to all this -- and anything else
14 you would like me to pass to Colonel North.

15 Then McAlister's reaction to that was, and I
16 quote: "horseshit", that they, Democracy, Inc. intended
17 to continue operations as normal, that the flight at
18 issue in the earlier message had not been cleared with
19 SAT, that Max had no right to take the aircraft, that --
20 and I'm not sure who was supposed to have done this, but
21 there was a reference to whoever was supposed to have
22 resolved the problem with Felix, had accomplished the
23 mission and succeeded in getting control of Felix.

24 And McAlister suggested that someone,
25 unidentified who, should call [REDACTED] and say

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169

1 that Felix is unauthorized and that's the extent of his
2 reaction to the message. Let's see if there's anything
3 more here.

4 MR. LIMAN: What did it mean to you that
5 Democracy, Inc. would continue operating as usual?

6 THE WITNESS: Intend to continue ops -- in
7 that one?

8 MR. LIMAN: Yes.

9 THE WITNESS: That from the Democracy, Inc.
10 side that all of this was groundless, the charges of
11 cutting and running and stopping support, that they
12 continued to continue to support the contras with the air
13 support, as they had been doing.

14 Then, as a follow-on, and maybe this is -- I
15 think after the meeting Don Gregg came up to my office
16 just to follow up on my reaction to the meeting, and I
17 was not in the compartment and not dealing with the
18 problems and so I couldn't really give him any reaction,
19 but I got some further feedback on his, Don Gregg's
20 reaction to the meeting.

21 He told me that Felix was returning to Miami
22 on Saturday and that this corruption problem was what
23 really bothered Don Gregg about this, the mention of some
24 individuals who were supposedly involved somehow.

25 MR. LIMAN: Who were they?

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170

1 THE WITNESS: Well, the only name that I
2 recall is the one I mentioned earlier -- Tom Clines --
3 but I don't think that was exclusive. I think Don Gregg
4 had gotten other names from --

5 MR. LIMAN: Quintero?

6 THE WITNESS: Possibly that is one. I mean,
7 that's one name that is in there, but whether that is in
8 this category of disreputable names or not in Don Gregg's
9 mind, I don't know.

10 MR. LEON: Didn't it concern you, Colonel,
11 that Ollie was directly implicated in running this
12 operation or didn't Gregg give you that impression when
13 you met with him, that Ollie's name had come up from
14 Felix and that Ollie was running this operation and that
15 these guys were involved in it and that it would reflect
16 poorly on the NSC or the White House?

17 THE WITNESS: That these people who Don Gregg
18 said were disreputable characters?

19 MR. LEON: Uh-huh.

20 THE WITNESS: No. I didn't know these people
21 and so I did not have the same reaction.

22 MR. LEON: But, you see, the link between
23 Colonel North and this organization?

24 THE WITNESS: I took Don Gregg's point that
25 these people, if they were disreputable characters, as

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171

1 Don Gregg claimed -- and I had no reason to disbelieve
2 him; I think that that was quite probable -- that if they
3 were in fact linked up with this operation in some way
4 that it could raise questions about the operation.

5 But I would also say that from my own general
6 sense of how one deals with terrorism and how the DEA
7 deals with drugs, dirty problems require dirty people to
8 be dealt with, and so it didn't necessarily to me suggest
9 that there was something wrong with the operation. There
10 may be some miscommunication here, misassessment or that
11 these people were being used for certain indispensable
12 things but not really contaminating the Democracy, Inc.
13 structure.

14 MR. LIMAN: Did you know Don Gregg at the time
15 you were working on the Vice President's Task Force?

16 THE WITNESS: Yes. And I also vaguely recall
17 him from CIA when I was out there.

18 MR. LIMAN: So Don Gregg certainly appreciated
19 the fact that if you are going to be involved in some
20 types of, as you call it, dirty operations you are going
21 to have to hire people other than priests and rabbis,
22 right?

23 THE WITNESS: Oh, I think he would have had a
24 similar appreciation to mine, yes.

25 MR. LIMAN: And yet this bothered him because

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172

1 of the people involved.

2 THE WITNESS: Oh, I'm not writing it off
3 saying I had just explained it away. No.

4 MR. LIMAN: But he was concerned not that they
5 were just bad characters in general but that they were
6 ripping off the operation. That was what Felix' charge
7 was, wasn't it, that they are going to cut and run?

8 THE WITNESS: Well, my impression from the
9 meeting, the only time I've ever met Felix Rodriguez, but
10 sitting there talking to him and looking at him, I did.
11 not come away with a favorable impression as to how much
12 truth he was telling.

13 MR. LIMAN: He was very emotional about it?

14 THE WITNESS: He was emotional, but I think he
15 was also putting words in other people's mouths.

16 [REDACTED]
17 [REDACTED]
18 MR. LIMAN: It was true that [REDACTED] was
19 supporting [REDACTED]

20 THE WITNESS: Supportin [REDACTED] that he was
21 embellishing his argument for his own purposes.

22 MR. LIMAN: Sure. You had no doubt that he
23 was an advocate for Max Gomez and Felix Rodriguez, as we
24 call them.

25 THE WITNESS: Was an advocate?

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173

1 MR. LIMAN: Was an advocate. He came there to
2 advocate a point of view. That's what he was doing,
3 wasn't it?

4 THE WITNESS: Yes.

5 MR. LIMAN: And you thought he was
6 embellishing it?

7 THE WITNESS: Embellishing it and had his own
8 purposes wrapped up in this.

9 MR. LIMAN: And what were those purposes as
10 you saw them?

11 THE WITNESS: Well, I wasn't sure. There was
12 a reference from my earlier conversation with North the
13 night before where I got the impression that Felix had
14 insinuating himself into this indispensable position
15 between Democracy, Incorporated and [REDACTED] and
16 that from the Democracy, Inc. side that they preferred to
17 deal direct and that Max was screwing things up and that
18 from Max's side he was probably seeking to protect his
19 job of indispensability or that he didn't see himself as
20 an impediment, that there were two sides to the issue
21 here.

22 MR. LIMAN: Right, but did you not realize
23 that what he was urging was that the planes belonged to
24 the contras and should be left?

25 THE WITNESS: And I didn't know whether that

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174

1 was true, and I didn't think so.

2 MR. LIMAN: You didn't think what?

3 THE WITNESS: That the planes belonged to the
4 contras.

5 MR. LIMAN: Why didn't you think that the
6 planes belonged to the contras?

7 THE WITNESS: Because -- well, I think it's --

8 MR. LIMAN: Because Dutton told you they
9 belonged to Democracy, Inc.?

10 THE WITNESS: I'm looking, but I don't see
11 anything specific on that, but that was my impression.

12 MR. LIMAN: But who was Democracy, Inc.?

13 THE WITNESS: It was Dutton, Secord, and --

14 MR. LIMAN: But do you know where they were
15 getting the money to buy these planes?

16 THE WITNESS: No.

17 MR. LIMAN: Now let's go on. I'm not asking
18 you to speculate.

19 THE WITNESS: I did not know where they were
20 getting the money for the planes. I could have guessed
21 on certain things, but I didn't.

22 MR. LEON: Just a couple of quick questions
23 before you move on. Did you get the impression or did
24 Donald Gregg say, either one or the other, that this was
25 a matter that concerned him to the point where he was

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175

1 going to bring it to the attention of the Vice President?
2 Did he either say it directly or did he give you that
3 impression?

4 THE WITNESS: I haven't thought about that. I
5 don't think -- I don't have the impression and I don't
6 think there's anything that I can recall. There isn't
7 anything that I can recall to suggest that he was going
8 to brief the Vice President on it, that he was hearing
9 out his friend from previous contact in southeast Asia,
10 Max Gomez-Felix Rodriguez, on a problem, that was
11 relaying it to the appropriate authorities in the U.S.
12 Government that were dealing with the contra issue --
13 that being Colonel North -- and that he had served as
14 that intermediary to get the problem addressed.

15 MR. LEON: But at some point he did say that
16 he wanted to call a meeting of other people to relay that
17 to him?

18 THE WITNESS: Well, I don't know whether he
19 said that to me. There clearly was a meeting and I was
20 invited to it, and I attended. I don't recall how it
21 arose.

22 BY MR. BELNICK: (Resuming)

23 Q It was four days later. I know this well.

24 A Yes. There was a meeting, because I don't
25 think he said that. I was kind of surprised that there

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176

1 was a follow-on meeting and that there were all these
2 people there who I didn't expect to be there, because
3 they weren't in the compartment.

4 MR. LIMAN: Who were they?

5 BY MR. BELNICK: (Resuming)

6 Q We went over the list. I will name them with
7 you in a second. Let me just ask you did you ever tell
8 Gregg about -- did you ever ask Gregg about Rodriguez'
9 character and whether he shared with him the allegations
10 that Rodriguez was out of control?

11 A The answer is yes, and I'm not sure when, but
12 it was in a phone conversation that I had with Don Gregg
13 in which he asked me to come down to the meeting or
14 whether what I think was a subsequent meeting in my
15 office when Don Gregg came up after the meeting, I think,
16 I'm not positive, but to follow up.

17 Q In any event, you shared the allegations with
18 him?

19 A At some point I alluded as best I could in a
20 gentle sort of manner some of the reservations about
21 Felix Rodriguez.

22 Q What did Gregg say?

23 A That I had acquired from Colonel North, and
24 Don Gregg reacted very strongly to that and that's what I
25 remember, that he lashed out at me for questioning Felix

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177

1 Rodriguez in any way, that it was clear that they had a
2 very strong personal bond and that they had fought
3 together in war and had almost a blood brother
4 relationship, if you will, and that I had touched a
5 sensitive nerve in even raising that possibility.

6 Q Was August 8 the only time you ever met
7 Rodriguez?

8 A Yes, I think so.

9 Q Did you form any impression of him on your own
10 at that meeting?

11 A Yes, and I attested to that while you were
12 gone from the room.

13 Q Now August 8, page 84, on the bottom first,
14 the note says: "Owen - 3, Fawn told Jim of System IV
15 item." Jim. Is that Jim Radzimski?

16 A Yes, it is.

17 Q So Jim told Vince -- is that Vince
18 Cannistraro?

19 A Correct.

20 Q Who insisted on concurrence, blank project --
21 blank being something that's been redacted. What is that
22 reference to?

23 A There was an unrelated sensitive project that
24 we developed some paperwork for and it was one of those
25 that was compartmented and I felt should have been done

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178

1 the way other sensitive compartmented operations were
2 dealt with, from what I observed, which is non-log, but
3 Fawn had put it in System IV because it had some
4 relevance to intelligence.

5 But it was in a compartment in which Vince
6 Cannistraro was not supposed to be, so Jim passed on the
7 substance of the thing immediately to Cannistraro, so we
8 brought Cannistraro in the box, which is one reason
9 Systems IV weren't used, that people outside the box were
10 brought in by using that system.

11 Q There is a note on page 86 that says "Buckley,
12 yes, by one count is dead."

13 A Oh, this is merely a list of U.S. casualties
14 from terrorism overseas, that we had an unclassified list
15 and so the question was at what point do you count
16 Buckley in that we believed he was dead for quite a long
17 time but were not publicly acknowledging that, and so in
18 which years, 1984, 1985, or 1986 would you show this
19 addition to that.

20 Q Now, starting on page 87, we are still in
21 July, on to page 88 there are notes that concern Nir,
22 offers of weapons and some money information. Would you
23 look at those two pages?

24 A Starting here (indicating)?

25 Q Yes, starting with the Nir note on page 87.

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179

1 There are notes on page 89 which I will hand you
2 pertaining to the same thing on the top. What are the
3 notes referring to?

4 A Let me set the stage more generally. This
5 triggers a memory that in this episodic relationship with
6 the Iranians up and down and up and down, in down periods
7 when we had clearly run the extent of negotiating
8 flexibility beyond which we just couldn't go any further
9 and it was dead, one way that was used to put additional
10 pressure on the Iranian side was to put pressure on Nir
11 and that Nir would then put pressure on Ghorbanifar and
12 the Iranians of his own. There always seemed to be a
13 special relationship between Ghorbanifar and Nir.

14 MR. LIMAN: You understood Nir was handling
15 Ghorbanifar, right?

16 THE WITNESS: Ghorbanifar, and I don't think
17 our side ever knew really what exactly that relationship
18 was. We were suspicious of it -- that there was
19 something there. We didn't know how much Ghorbanifar was
20 working for Nir.

21 MR. LIMAN: You were suspicious?

22 THE WITNESS: Yes. So this seems to me to be
23 one of those references and I'm not sure who it's coming
24 from, but someone is making the observation that a pot
25 sweetener was thrown in by Nir of possibly F-4, F-14 or

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180

1 Sidewinder parts to keep this joint -- emphasis on
2 "joint" -- U.S.-Israeli operation alive.

3 I am guessing in reading it it seems to be
4 coming from Colonel North, this whole section is, but I'm
5 not sure of that. But I can't conceive of who else might
6 be saying that, because he's talking here about Nir
7 having three copies [REDACTED]
8 not been shared [REDACTED] that Nir, I think, showed
9 North.

10 BY MR. BELNICK: (Resuming)

11 Q On page 88 what does this mean -- "Nir wants
12 this to succeed. Nir out at least \$700,000-plus because
13 we overcharged him on TOWs -- \$1 million."?

14 A Because of this pot-sweetener role that we
15 would periodically put pressure on Nir to be in, to make
16 this thing succeed when we no longer had any leverage,
17 that from our side I think it was recognized that Nir
18 obtained money from whatever sources he had and was out
19 on a limb for money to get this thing moving again.

20 Q What does it mean "because we overcharged him
21 on TOWs"?

22 A I'm not sure. Possibly what that triggers is
23 a memory that there was some -- it may have been a
24 problem with one of the shipments of TOWs, that it was
25 not the right, the most up-to-date version of the TOW and

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181

1 that they were buying one and got a less capable version
2 or something. That may be it. But again I'm not sure.

3 MR. LIMAN: Would it trigger your recollection
4 if I were to tell you that when the October shipment of
5 TOWs was sent to the Iranians that it was switched so
6 that the Israelis would get those TOWs and send on the
7 ones that they had already been resupplied?

8 THE WITNESS: October '85?

9 MR. LIMAN: '86, on the 300-TOW transaction
10 that was done with Iran.

11 THE WITNESS: The last one?

12 MR. LIMAN: Yes.

13 THE WITNESS: It was through the second
14 channel?

15 MR. LIMAN: That's right. There was a
16 substitution of the TOWs so that the Israelis got the new
17 ones and the Iranians got the ones that previously had
18 been shipped to Israel. Does that ring a bell?

19 THE WITNESS: That rings a bell and that may
20 be partially the reason for it.

21 MR. LIMAN: Does that compensate them for the
22 \$1 million that they had been overcharged?

23 THE WITNESS: This is what time frame again?

24 BY MR. BELNICK: (Resuming)

25 Q August '86.

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182


1 A I'm not relating what you are talking about to
2 this time frame. Possibly. But my recollection of the
3 decision of the switch was that the deal had finally been
4 approved and was moving, that money from the second
5 channel had been sent and so we could get on with it, but
6 the DIA and CIA weren't ready yet because of logistics
7 delays and that we would have to wait another week before
8 we would commence movement of the U.S. TOWs, and that
9 therefore the decision was taken, well, let's just send
10 them the ones that are in Israel already, so that we can
11 move on this and not have the hostage die while we are
12 just waiting here for the next ten days and then replace
13 these. But that's the motivation rather than this, but
14 what you said is possible as well.

15 MR. LIMAN: Did North ever tell you that the
16 Israelis had paid \$1 million to either the United States
17 or Lake or some instrumentality of the United States in
18 November of '85?

19 THE WITNESS: I don't think so.

20 MR. LIMAN: You probably read that in Secord's
21 testimony or heard it from testimony you have heard.

22 THE WITNESS: Well, I have listened to parts
23 of it, but I'm not sure if I heard that part or not.

24 MR. LIMAN: Were you ever told that the
25  had given any money to the contras?

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183

1 THE WITNESS: I don't think so, although if
2 there is a reference to it in the notes it's possible.
3 I'm not getting the recollection right now. I do not
4 recall that I was told that.

5 MR. LIMAN: Were you told that [REDACTED] had
6 given money for the contras?

7 THE WITNESS: No.

8 MR. LIMAN: [REDACTED]

9 THE WITNESS: I mean, all of these questions
10 are striking me as irrelevant. I mean, I would have no
11 occasion to be told any of this. It's not tracking.

12 MR. LIMAN: I understand that you are a great
13 believer in compartmentalization and that's the essence
14 of all classification systems, but there must have been
15 occasions in your career when somebody told you something
16 that you weren't in that compartment for, right?

17 THE WITNESS: Sure.

18 MR. LIMAN: And so when you say it's not
19 tracking or wouldn't be relevant --

20 THE WITNESS: It's not only not tracking
21 because of that strict compartmentation, need-to-known
22 principle, but because of that which I was involved with.
23 There would have been no need for me. I mean, I didn't
24 need any of those facts.

25 MR. LIMAN: But there wasn't any need to tell

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184

1 you that the Ayatollah was paying for support for the
2 contras, was there?

3 THE WITNESS: No.

4 MR. LIMAN: So Ollie shared some secrets with
5 you.

6 THE WITNESS: Okay. All right.

7 BY MR. BELNICK: (Resuming)

8 Q Let me put it this way. Did he tell you that
9 Country 7 did it?

10 A I don't know the countries by number any more
11 than otherwise. I knew the Washington Post would tell me
12 that.

13 Q Why don't we stop here? We will go off the
14 record now and schedule a date to finish this up.

15 (Whereupon, at 4:50 p.m., the taking of the
16 instant deposition recessed, to reconvene at a later
17 date.)

18

19

Signature of the Witness

20

Subscribed and sworn to before me this _____ day of

21

_____, 1987.

22

23

Notary Public

24

My Commission Expires: _____

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5/22/87 - Friday

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Earl Exhibit 1A
ghorowit

NATIONAL SECURITY COUNCIL

- like:

I strongly suspect that
the Boland Amendment
(~~like~~ ^{like} the War Powers Act)
is patently unconstitutional.

Bob Turner can give
you a reading on
this - if it comes to this
kind of defense, of course,
it might have to go to
the Supreme Court, but if
you didn't have to foot the
financial and personal
burden, it would be
worth it.) Ray in there
Bill

not
11/11/86
kt

9 June 1987
EO 12958
1-2-87

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ORIGINAL

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TESTIMONY OF ROBERT L. EARL

Saturday, May 30, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Continued deposition of ROBERT L. EARL, called
 as a witness by counsel for the Senate Select Committee,
 at the offices of the Senate Select Committee, Room SH-
 901, Hart Senate Office Building, Washington, D. C.,
 commencing at 9:05 a.m., the witness having been
 previously duly sworn, and the testimony being taken down
 by Stenomask by RAYMOND HEER, III and transcribed under
 his direction.

Partially Declassified on 12-8-87
 under authority of E.O. 12958
 by J. Paul, Atomic Security Council

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3434

Tab 1

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2

1 APPEARANCES:

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 THE HONORABLE WARREN RUDMAN

6 ARTHUR LIMAN, ESQ.

7 Chief Counsel

8 MARK BELNICK, ESQ.

9 Executive Assistant to the Chief Counsel

10 TERRY SMILJANICH, ESQ.

11 VICTORIA NOURSE, ESQ.

12 On behalf of Senator Mitchell:

13 RICHARD A. ARENBERG

14 Administrative Assistant

15 On behalf of the House Select Committee to
16 Investigate Covert Arms Transactions with Iran:

17 RICHARD J. LEON, ESQ.

18 Deputy Chief Minority Counsel

19 NEIL EGGLESTON

20 On behalf of the witness:

21 DENNIS DEAN KIRK, ESQ.

22 Suite 1213, National Place

23 1331 Pennsylvania Avenue, N.W.

24 Washington, D. C. 20004

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3

C O N T E N T S

WITNESS	EXAMINATION ON BEHALF OF SENATE HOUSE
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Robert L. Earl

By Mr. Liman	4	
By Mr. Leon		
By Mr. Liman	100	99
By Mr. Leon		
By Mr. Liman		113
By Mr. Leon	113	
By Mr. Liman		138
By Mr. Leon	138	
By Mr. Liman		139
By Mr. Belnick	140	
By Mr. Liman	141	
By Mr. Liman	144	
By Mr. Belnick	144	
By Mr. Liman	152	
By Mr. Belnick	152	
By Mr. Liman	155	
By Mr. Belnick	155	
By Mr. Liman	169	
By Mr. Belnick	171	
By Mr. Leon		
By Mr. Liman		174
By Mr. Leon	177	
By Mr. Liman		181
By Mr. Leon	182	
By Mr. Liman		184
By Mr. Leon	186	
		187

E X H I B I T S

EARL EXHIBIT NUMBER	FOR IDENTIFICATION
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3	38
4	38
5	78
6	129
7	141
8	146
9	148
10	151
11	153
12	154
13	156
14	157

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P R O C E E D I N G S

Whereupon,

ROBERT L. EARL,

called as a witness by counsel on behalf of the Senate Select Committee and having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q On the record. You are still under oath.

By the summer of 1986 you were well briefed into the Iran compartment; is that correct?

A I would say so, yes.

Q When did you first hear about the efforts to open up a second channel?

A I'm not sure if I would be able to come up with a date on that. I can give you a couple of relevant indicators on that. One is that in the summer or late summer, I guess it was -- it was actually in the fall -- I took a week's leave and I'm not sure whether it was August or September. I would have to look up, which is something I think you all have, but my sort of calendar.

But during that week's leave was the visit by some Iranians to Washington, and so I was gone during that week and I found out about it afterwards. I know that the second channel was being explored at that time

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1 with this visit to establish bona fides, that from the
2 second channel's perspective they could see that they
3 really were talking to who they thought they were talking
4 to.

5 So obviously there was discussion prior to
6 that in setting it up, but how far back. One other -- I
7 can't go further back and give you a date, but one other
8 relevant bit of information, I guess, would be my
9 generalized observation that there was dissatisfaction
10 throughout with the first channel, and that was always
11 there as an irritant, I guess, the relationship, that no
12 one was satisfied with the first channel and no one
13 trusted Ghorbanifar and wanted to do something better.

14 Q Was there dissatisfaction that Ghorbanifar had
15 not succeeded in producing all the hostages?

16 A I don't know whether I could answer that
17 exactly directly yes. I would say there was
18 dissatisfaction that all the hostages were not released
19 in general, and there was dissatisfaction with
20 Ghorbanifar in general. But I'm not sure that I would
21 tie the two directly as you question it. It would seem
22 logical that he was certainly in part to blame for how
23 this thing had dragged on and miscommunication from both
24 sides.

25 So circumstantially I would agree with you,

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1 but I'm not sure that I could recall -- I can't recall
2 specific conversation that people were blaming
3 Ghorbanifar for the fact that all the hostages weren't
4 back, because there was always the analysis that we might
5 never get them all, that they would always keep one card
6 to trump us, and we might never see the last hostage,
7 whoever that might be, from their side.

8 Q And you heard at some point that the Iranians
9 were dissatisfied because of pricing.

10 A That was certainly one of their grievances. I
11 think there were a variety. I wouldn't say that to be
12 their only grievance, but they had complained about that,
13 certainly.

14 Q So that if you looked upon Ghorbanifar as a
15 broker there were complaints on both sides, both from
16 Iranians and from Americans.

17 A Directed at Ghorbanifar is your implication?

18 Q Yes.

19 A I think that's fair.

20 Q Who decided to seek the second channel?

21 A I'm not sure of that. I don't know.

22 Q Had you ever met Ghorbanifar?

23 A No, sir.

24 Q So that all of your information about
25 Ghorbanifar and the meetings with Ghorbanifar were

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1 secondhand at least?

2 A Yes.

3 Q Maybe thirdhand. And did you ever participate
4 in any meetings with the second channel?

5 A No, I did not. It was that week that I was
6 gone, so that our office did, but I was gone that week.

7 Q When you say your office did, do you mean
8 Oliver North?

9 A And Craig Coy.

10 Q Did you, after the first meeting with the
11 second channel, have any meetings with the second
12 channel?

13 A Me personally?

14 Q Yes.

15 A I never met anyone in either the first channel
16 or the second channel or any of the intermediaries, to my
17 knowledge.

18 Q Did you ever read any transcripts of the
19 discussions with the second channel?

20 (Witness conferring with counsel.)

21 A I think the answer to your question is yes.

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And also I think some transcripts.

Q Of the tape recordings of the meetings with the second channel?

A I think so, but I'm not positive. I know that I've seen transcripts and there were tape recordings of various meetings, but I am confusing them now and am not sure exactly which ones that I had seen portions of.

Q Did you become aware that some payoffs would have to be made to Iranians in connection with opening the second channel?

A Payoffs?

Q Yes.

A What do you mean by "payoffs"?

Q Well, they call it in the Middle East bakshish. It's called elsewhere just plain money.

A Yes, I understand bakshish. No, I don't think explicitly that I knew there was discussion of that, but I certainly knew in general that that was a way of operation in the Middle East. That would not surprise me at all. My recollection is that there was concern with the operational security over switching channels and the

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1 residual that the old channel was an operational security
2 risk, and that that was of concern to people.

3 And I believe it was resolved by the Iranians
4 themselves in the second channel saying that they
5 understood that and would take care of that, whether that
6 meant bakshish or what, that the Iranian side was going
7 to resolve the op sec problem of the first channel.

8 Q Had you been told that Ghorbanifar was
9 claiming that money was due him and that he was in debt
10 as a result of his activities in connection with the
11 first initiative?

12 A I think so. That strikes me as a general
13 complaint throughout this entire process, even before the
14 establishment of the second channel, that Ghorbanifar
15 continually complained about he was in debt to creditors
16 and nobody was treating him fairly and woe is me.

17 [REDACTED]
18 Q Did you discuss that with North?

19 A I don't recall specifically talking about
20 that.

21 Q Did you discuss that with Secord?

22 A No, sir. I'm pretty sure I did not.

23 Q With Cave or anyone else at the CIA?

24 A We're on the specific point of Ghorbanifar's
25 debts rather than the operational security question?

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1 Q I'm going to come to the operational security
2 question. I'm talking about his money problems.

3 A No, I don't think so. I don't think I
4 addressed that in a conversation with anyone. It could
5 certainly have arisen in a meeting or I heard someone say
6 that. A CIA person could have made reference to that.
7 But no specific conversation, no.

8 Q Let me understand what the operational
9 security problem was that you saw in switching from
10 channel one to channel two.

11 A The operational security problem, as I
12 understood it, was that Ghorbanifar could feel jilted
13 that he was cut out of an intermediary role that he felt
14 that he was probably getting quite a bit of money from
15 and take some action in order to jeopardize the second
16 channel in order to reestablish his importance in the
17 dialogue between Iran and the United States.

18 Q And what kind of action were you concerned
19 about that he could take to jeopardize the second
20 channel?

21 A Well, there was always the possibility of
22 leaking information about the dialogue between Iran and
23 the United States.

24 Q And leaking it to whom?

25 A Well, leaking to the press could be a

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11

1 possibility.

2 Q In the United States?

3 A Well, wherever.

4 Q Well, the reason I'm asking you this is that
5 in dealing with the second channel I take it that North
6 felt that he was dealing with people who really now had
7 some access to the Iranian government.

8 A Yes, direct access.

9 Q Direct access. So that there was a sense that
10 the leaders in the Iranian government knew about the fact
11 that the United States was engaged in this initiative,
12 correct?

13 A I guess two improvements, the second channel
14 versus the first. One would be the directness of the
15 link without this complex and circuitous path, and
16 secondly the assurance that this particular individual
17 and his faction in the Iranian government was in fact
18 engaged, it was believed before, but with a lesser order
19 of confidence.

20 Q What I'm getting at is that if you look at
21 operational security in connection with an endeavor like
22 Desert 1 the purpose of maintaining a secrecy and
23 security was not to tip off the Iranians. Here the whole
24 object was to make sure that you were dealing with the
25 Iranian government; correct?

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1 A Well, dealing with the so-called pragmatic
2 faction, the particular individual and his faction that
3 we are talking about. It was never clear, to my
4 knowledge, to us what other parts of the Iranian
5 government were Iranian power centers, not necessarily in
6 the government but nonetheless influential, knew or
7 didn't know about this.

8 Q But you believed that you were dealing with
9 some part of the Iranian government?

10 A Some part of it, yes.

11 Q You did not know whether that part, in order
12 to survive, was talking to the Ayatollah?

13 A Correct.

14 Q Or to anyone else in the Iranian government,
15 correct?

16 A Correct.

17 Q So that was the concern about operational
18 security that it might leak in this country?

19 A Well, I think I just have a generalized
20 concern about op sec and I don't think I ever really
21 thought through who would be the leaker and who would be
22 the recipient of that information and cause the problem,
23 but I think it would be on the Iranian side also, that it
24 could jeopardize this channel, that the radicals in Iran
25 could sabotage the effort were they to be leaked certain

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1 information.

2 Q Now, talking about operational security, that
3 is clearly a subject in which you had genuine concern.
4 That's true, isn't it?

5 A That's true.

6 Q Indeed, every time we look at your notes you
7 seem to find something that Brenda Reiger didn't pick up
8 and you put a circle around it.

9 A Yes, sir, I do.

10 Q Did you understand whether Congress or any
11 representatives of Congress had been told of the Iranian
12 initiative?

13 A I don't think that there were any Members of
14 Congress who knew.

15 Q Well, you now know that, but did you know it
16 at the time?

17 A I don't know whether I knew that explicitly.
18 My general attitude or feeling about this, that it was
19 very closely held and only a very few people within the
20 Executive Branch knew of it, let alone outside of that.
21 My assumption would be that no one in Congress knew, but
22 I don't think I was specifically -- I don't know whether
23 I specifically was told that or not, but I wouldn't have
24 questioned it.

25 It would have surprised me if anybody in the

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1 Congress was aware.

2 Q Were you familiar with the Finding process or
3 notification to Congress of Findings to Select Committees
4 or to leadership?

5 A Again, that is one of those areas that I, over
6 a period of time, acquired information and put it
7 together. I was never formally briefed as to what the
8 Finding process was and how it worked. I can recall not
9 being familiar with it at the beginning of my period
10 there and having this strange word "Finding" out there,
11 and it being some kind of sacrosanct and important and
12 close-held, that nobody ever saw a Finding, that you
13 would have one copy and it would be locked away in
14 somebody's safe.

15 Q Who's safe did you understand that they were
16 generally locked away in?

17 A Well, I just say that in general without
18 directing the one in question, I think -- well, I don't
19 know whether I knew at the time or this is later now, and
20 so I had better not.

21 Q Well, what was the first time that you saw the
22 Iran Finding or any one of the Iran Findings?

23 A I only -- I think there's only one that I know
24 of -- well, two, okay. But I think it was -- I'm not
25 positive of this, but I think it was the Monday, November

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1 -- the day before the Attorney General's press
2 conference. That would have been the 24th. I think that
3 was the first date that I saw it, but I'm not positive.

4 Q Did you know that there was a Finding earlier
5 than that?

6 A There was discussion of that in the
7 development of the chronology and we had entries on that,
8 so I certainly knew of it in the two-week period.

9 Q Well, that would have been in the November
10 period?

11 A That would still be in the November period.
12 There were some references to it even before that and I
13 was aware -- well, the thing that I am recalling is at
14 some night -- and I couldn't put a date on this, but it
15 could be really early -- it was in Room ⁷⁰²~~302~~, the suite,
16 so it was prior to May, one night, I think it was before
17 I was there yet, in mid-February, it might have been, a
18 week or two before that, knowing that I was going there
19 but being there at night, and on the way out seeing
20 someone sitting there waiting to visit with Colonel North
21 who I don't think I knew then but subsequently found out
22 was Stanley Sporkin, and that he was apparently there to
23 talk to Colonel North about something sensitive, and I
24 think later I found out it was a Finding or the Finding.

25 There were some bits and pieces

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1 circumstantially that I got at the time that accumulated
2 to my knowledge about parts of there being a Finding.

3 Q Other than the Iranian initiative, had you
4 ever worked on an operation that was authorized by a
5 "Finding"?

6 A I had had some involvement with another
7 Finding related to counterterrorism which stemmed from
8 Vice President's task force days.

9 Q During the task force period?

10 A Yes.

11 Q And that Finding was discussed in terms of its
12 scope and so forth?

13 A And need for, to do certain things in the
14 counterterrorism field that the task force was
15 considering, yes.

16 Q Was there a sense that was communicated to you
17 at the NSC that if you communicated information to the
18 Intelligence Committees of Congress that that information
19 would be leaked?

20 A I would say that that was a general concern
21 that I had acquired from the situation of people talking
22 and that that would have been my concern and sensitivity
23 that I had acquired from the situation, yes, sir.

24 Q Well, did you hear some of your comrades
25 express that concern to you?

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1 A Well, it stemmed from even further back during
2 the Vice President's task force days, that it seemed to
3 me to be accepted by certainly the working group of the
4 task force, and I think more generally than that. Most
5 of the interagency members of various review groups of
6 the task force, that that was a concern, and it led to
7 the endorsement by the Vice President's task force of, I
8 think it is, the Hyde Amendment that calls for the two
9 Committees to be combined into a single committee to,
10 amongst other things, reduce the number of people on the
11 Hill who need to be briefed in the very sensitive covert
12 operations or intelligence operations because of that
13 concern of leaks.

14 And it was this generalized concern that
15 things could leak. A lot of people had to be informed
16 and so the Hyde amendment was endorsed by the Vice
17 President's task force.

18 Q Colonel, is it fair to say that there was also
19 a concern at the NSC that other agencies of government
20 leaked in order to either block policy or advance their
21 own policy objectives?

22 A No question. In fact, I was almost going to
23 add that to the last statement, but I didn't want to
24 ramble. The concern of leaks on the Hill was not as the
25 only source of leaks in town, that it was indeed also a

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1 problem in the Executive branch in various places.

2 Q I have to be frank because we are under oath.
3 It was a concern that when information was shared with
4 the State Department there was a risk that it would be
5 leaked; is that correct?

6 A Yes, sir.

7 Q And were you told by North or anyone else at
8 the NSC that some information with respect to the Iran
9 initiative was being withheld from State because of
10 security concerns?

11 A Again it is hard for me to answer that
12 question directly. Let me give you a piece that
13 indirectly answers it, I believe, which is that in the
14 discussions over time and the references in my note where
15 the people in the box were described, my assumption or
16 state of mind from all of that would be that the
17 Secretary had been brought into the box in general and in
18 most of the things in the box, but that nobody else at
19 State Department had been.

20 As time went on, OSG was involved in certain
21 parts of this initiative because every time a hostage was
22 released then the counterterrorism structure was brought
23 into play for various reasons concerning the hostage who
24 was released.

25 Q But was the OSG told there had been a

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preceding arms shipment?

A No. Well, there were parts. There were some members of the OSG who were in the box, but not everybody, and so it was very carefully discussed, only in terms of the mechanics of the hostage coming back and where he would go and medical treatment and briefings and so forth.

Q There was an effort, wasn't there, really on the hostage releases to attribute their release to other persons and other things, not to this initiative?

A Clearly.

Q Go ahead. I interrupted your answer.

A So the State Department, there was in OSG discussions of these portions of it. The State Department representative was, of course, a very key player, in fact the lead agency for coordinating the interagency effort to deal with the release of the hostage and so forth overseas, and so he was brought in on that part of it.

And I would say also that my presumption was that that person, either the current one or his predecessor, both of them, seemed to know more than that that was being discussed in those terms, that had some familiarity outside the box or the hostage release box that we were talking about.

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1 Q Now, given your concern for security, your
2 recognition that this was closely held, did you have some
3 concern about the fact that one of the persons who was
4 familiar with what was happening was a merchant,
5 Ghorbanifar?

6 A Of course. Everyone recognized that he was a
7 problem in many ways.

8 Q Did you have some -- withdraw that.
9 You were told at some point, you've testified,
10 that some of the proceeds of the arms sale were going in
11 support of the contras. Do you remember that?

12 A Yes, sir.

13 Q Did you -- tell me what you understood about
14 what Ghorbanifar knew about that part of the compartment.

15 A I don't think I knew anything about his
16 knowledge of that. I don't recall any discussions. I
17 think it would have been a question mark in my mind, not
18 knowing whether he knew or didn't know.

19 Q Well, you testified earlier that when you
20 heard about it, as you think about it now, you thought
21 that this was a worthy sting of the Ayatollah, correct?
22 Those were your words.

23 A Again, I think that I thought about that at
24 that time, but that may have been subsequently a little
25 bit in time, and I can't be sure that that thought

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1 occurred to me exactly on the day that I first knew of
2 it, but that was certainly my belief over time, yes.

3 Q A sting means, to me, that the person who is
4 being stung doesn't realize he's being stung, correct?

5 A Yes, sir.

6 Q So how did you think that the money was being
7 given in support of the contras without the Ayatollah
8 knowing about it?

9 A Well, again I don't think that I really
10 focused on it in that detail of following it through,
11 that necessarily that meant that Ghorbanifar didn't know.
12 I guess my unformed opinion -- I was about to offer that
13 if push comes to shove I would guess that he didn't know,
14 if I would have had to guess in that time frame, but that
15 is speculation because I don't think I ever really
16 thought about it.

17 But thinking about it now, I think it could be
18 either way, that even if he did know that it seems to me
19 that in order for him to preserve his lucrative part of
20 this that he could have been convinced not to share it
21 with certain others in the deal and that it could still
22 have been a sting, an unwitting, unknowing for the
23 Ayatollah what was happening, even though Ghorbanifar
24 knew. I think it could have been either way, but this is
25 all retrospective analysis.

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1 Q What was his lucrative part of it? That's a
2 word you just used.

3 A Well, if it is true, as I have said before,
4 that he was getting a substantial profit, that he had
5 quite a bit of a markup on this thing --

6 Q You mean Ghorbanifar?

7 A Yes. Did I say someone else?

8 Q I thought we were talking about the Ayatollah.

9 A No. I'm sorry. That either Ghorbanifar
10 knowing or not knowing of the diversion to me in
11 retrospect is still consistent with the Ayatollah not
12 knowing -- higher risk with the one rather than the
13 other, but either is possible.

14 Q Did there ever come a time when you were told
15 that someone outside of the NSC had gotten wind of the
16 fact that some money was going to the contras or in
17 support of the contras and was threatening to expose it?
18 This is before the Attorney General's press conference.

19 (Witness conferring with counsel.)

20 A There was the letter that I have previously
21 talked about in these sessions that I saw at one point on
22 Colonel North's desk that was either a memo from Charlie
23 Allen to the DCI that a copy had been sent down for --

24 Q I'm going to show you that, if we have it
25 marked.

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1 A Or it was from Charlie Allen to Colonel North.
2 It was in some way identifying the problem with the
3 Canadian financiers and I think the name Furmark is in
4 there. I don't recall that it specifically talked about
5 diversion to the contras. I think it was just an op sec
6 problem. My recollection is it was an op sec problem.

7 Q Well, if it's the memo that you're thinking
8 of, it's a memo to Admiral Poindexter and it does reflect
9 that. There are several memos, and let's see if you will
10 be able to identify which one.

11 A My recollection of it, unrefreshed by looking
12 at it, if you have the one that I saw, my recollection is
13 that it is talking about an operational security problem
14 in the channel because the financiers haven't been paid
15 and they were threatening to expose it in order to get
16 their money back.

17 Q Did you discuss that with Colonel North?

18 A Yes, sir, I did.

19 Q Tell us about that.

20 A The Director of Central Intelligence had asked
21 for, I believe it was, Charlie Allen to go meet with
22 Furmark in New York, I think, but I think there was more
23 than one meeting, and so I have a little bit of
24 confusion. I think one was alone or one was with
25 possibly George Cave. There is some confusion in my mind

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1 as to the number of meetings and the participants.

2 But in general Charlie Allen, perhaps amongst
3 others, was going to meet with Furmark for the Director
4 of Central Intelligence and he met basically just to
5 receive information from him and pass it on to the
6 Director so that this problem could be at least known,
7 the facts of it could be known and dealt with in some
8 way.

9 I had a conversation with Colonel North in his
10 office at one point very quickly about that and whether
11 what was -- and I think I have seen this memo you are
12 talking about -- I had knowledge about the op sec concern
13 with the Canadian financiers going public. And I was
14 concerned with this from an operational security point
15 and I couldn't see may way out of the box, anyway, out of
16 the dilemma and just posed that to him to see what ideas
17 he had.

18 And there was also the concern at this
19 meeting, there was something about the meeting that
20 didn't strike me as contributing to a solution to the
21 problem, that the right people weren't going or they were
22 only going to be hearing instead of trying to solve the
23 problem, but my recollection is that Colonel North
24 clearly had thought about this and I don't recall the
25 specifics but it seemed to me he had a resolution to the

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1 problem.

2 Q What was his resolution?

3 A Well, it was to be pretty tough with Furmark,
4 I guess, or whoever the meeting was with, and to show
5 them how the only way they could possibly hope to get
6 their money back was to keep the channel discrete,
7 covert, secret, that exposure of it would be the worse
8 thing and they wouldn't stand a chance of getting their
9 money back from Ghorbanifar or whatever if it was
10 exposed.

11 Q And he told you he presented that to Director
12 Casey?

13 A No, sir, he didn't. It was merely he was
14 telling me of his idea of how to solve this problem. I
15 solicited from him an idea how can this be dealt with,
16 because I couldn't conceive of any way out of this
17 dilemma and he at least articulated for me a way that he
18 or an appropriate person, someone who could play that
19 role effectively with Furmark, could stand a reasonable
20 chance of success of keeping op sec inviolate.

21 Q Let's pause now and talk a little bit about
22 Casey. Did you ever have any meetings alone with
23 Director Casey?

24 A No, sir, I did not.

25 Q You had met with him, I guess, from time to

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26

1 time over the course of your work on the counterterrorism
2 task force in groups?

3 A No, sir. I've never met with Director Casey.
4 The only time I've ever seen him in person was at a
5 cocktail function in the Old Executive Office Building
6 and didn't talk to him. I just saw him in the same room.

7 Q Did you know that Oliver North had direct
8 access to Director Casey?

9 A Yes, I did.

10 Q And how did you know that?

11 A He, Colonel North, would call Director Casey
12 when he needed or Director Casey would call Oliver North
13 direct, usually on the secure phone, although it may also
14 have been on an open line, depending upon which of the
15 two didn't have access at that time to a secure line.

16 Q And based upon your observation, during this
17 period that you were working at the NSC, how often did
18 North speak to Casey?

19 A I would say that it would be unusual for a
20 full week to go by without some sort of phone call or
21 meeting or some contact at least once in that week to
22 have occurred between the two of them. That would strike
23 me as unusual if there were a week that they didn't have
24 at least one contact.

25 Q I understand that Oliver North is a respectful

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27

1 person and he tends to call people sir. What did he call
2 Casey?

3 A Well, he used sir with Casey, but he also used
4 Bill, I believe. Let me think about that. I know he
5 would use that in talking about him. I wonder if he ever
6 said that. You know, I'm not sure about that. He may
7 not have said Bill on the phone. It may have always been
8 Director and sir. I can recall that he used Mr. Director
9 and sir, but whether he also used Bill at points in the
10 conversation, I can't recall right now. But he certainly
11 used it. If I were talking to him about the Director, he
12 would say Bill said so and so. But he may not have used
13 that directly to him.

14 Q And when he would talk to you about Admiral
15 Poindexter, what would he call him?

16 A Usually it was the Admiral, but he would use
17 his first name on occasion, John.

18 Q And when he would talk to you about McFarlane,
19 would he use Bud?

20 A He would use generally Bud. I don't think it
21 was --

22 Q And about the President, Mr. President or the
23 President or R-square?

24 A There would also be references to Ron. I
25 mean, just in informal talk.

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28

1 Q The reason I'm asking you is whether or not is
2 not to embarrass North or to imply an intimacy that may
3 not be there, but just to try to find out from your
4 observations as to whether the relationship with Casey
5 seemed to be a close one.

6 A My judgment would have been yes, that they
7 were close, but in going through the exercise we just did
8 I'm not sure that I could say that his use of the first
9 name or title was any different from anybody else.

10 Q I think we established that and did he visit
11 him?

12 A Yes, he would meet with the Director at CIA
13 headquarters, in the Director's office at Old EOB, I
14 believe also in his home, but I'm less sure of that.

15 Q Now what subjects did you hear him talking
16 about with the Director that are within our compartments?

17 A You're not asking about the time that Colonel
18 North told me that he told the Director, because I've
19 already told you that, and that wasn't a conversation
20 that I overheard. You're asking about conversations that
21 I heard --

22 Q Well, what did he talk about? What were the
23 subject matters that you heard him talk to the Director
24 about? Did you ever hear him talk about the contras?

25 A Right now I'm drawing a blank on it. I can't

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29

1 in my vision remember a conversation and hear what he was
2 talking about, but certainly anything would have been,
3 from my general feeling, would be that nothing was out of
4 bounds, whether it was counterterrorism, Central America.
5 I mean, all of those things fit into what I picture them
6 talking about.

7 Q Do any conversations stand out in your mind?

8 A No, sir. In fact, I'm having trouble getting
9 any, let alone standouts.

10 Q When you came to work in North's unit, did it
11 surprise you the extent of his access to the Director?

12 A Yes, sir.

13 Q Now --

14 A But that would not be just with the Director.
15 That would be with many high officials.

16 Q Now I'm going to talk about the other high
17 officials. To whom did North report within the NSC?

18 A Admiral Poindexter.

19 Q Directly?

20 A Yes, sir. That is what I felt and whenever he
21 was gone I would follow in that chain. When something
22 occurred that I didn't have North to tell it to, I would
23 tell it to the Admiral.

24 Q Did you know that he had a special password on
25 the computer that allowed him to communicate directly

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30

1 with the Admiral?

2 A He had a message that was -- it wasn't a
3 special word.

4 Q Well, it was a blank check.

5 A Well, that was the way it was titled, but the
6 word is of no significance. It could have been called
7 horsefeathers.

8 Q But whatever the word was -- it could have
9 been called horsefeathers; it happened to be called Blank
10 Check -- but he had an ability, because he was given a
11 word referring to an earlier message from Admiral
12 Poindexter to him to be able to communicate directly?

13 A Mine was Task.

14 Q You could communicate directly with Admiral
15 Poindexter?

16 A Yes, sir, so could Craig Coy.

17 Q Well, there weren't very many people who could
18 do that?

19 A Anyone could do it, sir.

20 Q Anyone in the NSC?

21 A Anyone could.

22 Q And what was the purpose of a system that said
23 you couldn't communicate directly if everyone was given a
24 password?

25 A I didn't say everyone was given a password. I

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31

1 said that anyone could communicate with the Admiral if
2 they wanted to direct and bypass the system that had been
3 established.

4 Q Were you given a word so that you could
5 communicate directly with him?

6 A No, sir. I took a word.

7 Q But if I were to show you a message from
8 Admiral Poindexter to North in August of 1985 where he
9 gave him this word and said this you can use to
10 communicate directly, nothing like that happened with
11 you, right?

12 A No, sir.

13 Q You just simply knew how to work the system .
14 and so you took a word?

15 A Exactly.

16 Q And what about Coy?

17 A Similarly.

18 Q And did you communicate with Admiral
19 Poindexter directly when North was out of town?

20 A Yes, sir, I did.

21 Q But when North was around you didn't take
22 advantage of that prerogative?

23 A No, sir.

24 Q And what about Coy?

25 A I don't believe he did either.

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32

1 Q And so Poindexter reported directly to -- I
2 mean, North reported directly to Poindexter. There may
3 be some who would say the opposite. Who else did he have
4 this special access to?

5 A We're talking about North now?

6 Q Yes.

7 A Pat Buchanan jumps to mind as one that he
8 could call up when he was working on a speech or
9 something that was relevant in his area and that he would
10 talk direct or go see him in his office, or on one
11 occasion I remember that Mr. Buchanan had something to
12 talk about and he came over and visited Colonel North in
13 his office.

14 I guess we're going back to my comment of
15 being surprised at access to high officials, and part of
16 that is my surprise, I guess, when I first learned of it,
17 that very senior officials in the Administration would
18 know who Colonel North was and deal with him, that in
19 this category, not special access but at least that they
20 had had conversations and that the Cabinet official knew
21 who he was and some things he was working on, which was
22 itself surprising to me.

23 But I would put the Secretary of State, the
24 Secretary of Defense, the Attorney General, most of the
25 senior Administration officials in that category who

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33

1 dealt with national security in some way, but I am not
2 sure that I would go to the extent that we're talking
3 about of special access, calling up and getting right
4 through.

5 Q Did you ever hear him call the Attorney
6 General?

7 A Yes, sir.

8 Q And what were the occasions for that?

9 A One was on Saturday, the 22nd of November,
10 when he called him to set up a meeting later in the
11 weekend. I think that's all that I can recall.

12 Q What about delaying the investigation of
13 Southern Air?

14 (Witness conferring with counsel.)

15 A Again, there were quite a few events here.
16 There's FBI, Customs and FAA at minimum that in various
17 periods of time -- and I'm not sure that I could
18 differentiate all of them -- when --

19 Q Well, take me through them all.

20 A The one that I was involved in directly was a
21 request that came from McAllister, Dutton, that said the
22 FAA is here and they want to look at something or they
23 want to -- that Dutton's people wanted to fly the
24 aircraft out to some other air field and take it away
25 from SAT, where it just happened to be by coincidence

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34

1 getting an engine changed or some kind of maintenance,
2 and that there was the request that something to be done
3 be done so that they could fly out.

4 I was not sure what to do with this when I
5 received it. It seemed that it could be inappropriate,
6 that it could be delaying appropriate investigation,
7 although -- and I discussed this with Craig Coy when
8 Colonel North was absent, which is why we were both
9 involved, that I expressed to Craig in trying to decide
10 how to deal with it, whether to forward it to the Admiral
11 or not or just not do anything on it, since it could be
12 argued to be inappropriate, that I felt that if the
13 investigation -- well, the investigation, whatever FAA
14 was doing, had been initiated for political reasons
15 rather than safety of flight or anything appropriate to
16 the FAA's charter, that it could be similarly turned off
17 or stopped because it had been started for the wrong
18 reasons.

19 I didn't know what had generated this
20 involvement by an FAA official, wherever SAT is. I can't
21 remember at the moment. In Florida maybe. That there
22 was the possibility anyway, and maybe even the inference
23 from the phone call that the press had turned on Customs
24 and FAA or there was a local, there was some local
25 involvement that was perhaps politically generated and

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35

1 not as a result of an inquiry initiated in Washington
2 that was part of a formal investigation that was proper.

3 And having at least conceived of that
4 possibility of appropriate involvement by the National
5 Security Advisor, Craig agreed when I suggested that I
6 didn't -- I was not in this box and didn't know
7 everything about it, that at least he, who knew
8 everything, would be able to be the best judge of whether
9 he should be involved and do something as requested by
10 Dutton or not.

11 Q The box, meaning the contra box?

12 A The box being everything about Democracy,
13 Incorporated, yes, sir.

14 And so I went over and met with Admiral
15 Poindexter and just laid out what the request was and
16 left it to him to decide.

17 Q And was the request that the investigation be
18 called off?

19 A No. It wasn't that, and again "investigation"
20 might not be the right word. It was the fact that there
21 was an FAA official there who was asking for certain
22 documentation and I recall that Dutton said that one of
23 the documents that Cooper had had -- and he was the pilot
24 of the C-123 that was shot down, so that that piece, that
25 document, had gone down with the airplane and so it

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36

1 wasn't available, so it was a matter of getting
2 permission for the plane to take off from there without
3 this document as opposed to an investigation.

4 Q What about other official investigations?
5 Were you ever -- did you or, to your knowledge, did
6 Colonel North ever have contact with other regulatory
7 authorities or the Attorney General to address other
8 investigations?

9 A This is where my knowledge gets less clear
10 because this one I was directly involved in. The others
11 I was not. But there were, it seemed to me, quite a few
12 phone calls and involvement on others, other
13 investigations or similar things -- Customs, and perhaps
14 also FBI -- but I recall some Customs phone calls and I
15 think either Colonel North took them directly or Craig
16 took those. I think Rosenblatt is a name that I recall.
17 I think he is in the Customs hierarchy.

18 Q What about the investigation?

19 A I'm sorry. One thing I do recall was -- and
20 again I think there are some references in my notes on
21 that -- that there was a call from, I think, Rosenblatt
22 in Customs, but I'm not positive, but I think it was
23 Customs, explaining that there was a name of a person and
24 that this guy was about to be picked up for some kind of
25 bad thing, and that they were just checking with Colonel

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37

1 North's office since they were aware that Colonel North
2 was involved in certain sensitive national security
3 projects and they didn't want to inadvertently trip up
4 one of those if this person that they had gotten involved
5 with or found out some things about and were about to
6 arrest or whatever, they didn't want to do that if it was
7 going to ruin a greater equity of national security and
8 so they were just vetting that with us before they took
9 action.

10 And so I passed it on and eventually word came
11 back that we don't know who this guy is. Fine, arrest
12 him, whatever you want to do.

13 Q Were you familiar with investigations that the
14 United States Attorney's office was conducting in Costa
15 Rica involving Costa Rican figures like Hull?

16 A Yes, but just kind of peripherally.

17 Q What do you know about it?

18 A You said FBI investigation?

19 Q I said investigation. I might have said FBI,
20 but any investigation.

21 A Well, again this is kind of in a grab bag of
22 just general knowledge. It sounds familiar. There was a
23 Honey and whatever the other person's name is law suit
24 and things associated with that. I think that involved
25 Costa Rica and maybe also Hull. There were bunches of

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38

1 things out there and I just wasn't concerned with that.

2 And so I can't recall any specifics.

3 Q When North spoke to the Attorney General about
4 setting up an appointment on the 22nd, was that before or
5 after lunch?

6 A That was after lunch.

7 Q I would like to mark as Exhibit 3 a memorandum
8 dated October 17, 1986 from Mr. Allen to the DCI.

9 (The document referred to was
10 marked Earl Exhibit Number 3
11 for identification.)

12 As Exhibit 4 an undated memorandum from the
13 DCI to Admiral Poindexter entitled "Roy Furmark's
14 Comments on the Hostage Situation", with a note on top
15 that Allen's testimony dates this as October 24, '86.

16 (The document referred to was
17 marked Earl Exhibit Number 4
18 for identification.)

19 I would ask you to look at these two memoranda
20 and see if you have seen either or both of them. And
21 before you do that, I sort of overheard you say to your
22 counsel that you will come back to some things, so that
23 if there is something you have to do to augment testimony
24 why don't you do it now while it's fresh in your mind?

25 A Counsel reminds me that at some point we were

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39

1 talking about the Finding and my seeing it, and my
2 getting copies of the two Findings of whatever the two
3 dates are -- January 6 and 17 -- occurring on that
4 Monday, the 24th of November, was that we didn't have
5 copies of those available in our office even during the
6 development of the chronology and that I had to go over
7 to Admiral Poindexte's office to get those, and I got
8 copies from his counsel, Paul Thompson.

9 Q See if you can make something out of these.

10 A Could I take a break first?

11 Q Sure.

12 (A brief recess was taken.)

13 BY MR. LIMAN: (Resuming)

14 Q Do you recognize either of those, Colonel
15 Earl?

16 A I think this has injected even more confusion
17 in my own mind. I'm not sure which of these two I saw,
18 if either one, or I could possibly have seen both. I
19 doubt that I saw both, but that's possible. But there's
20 a reference here to a 14 October memo and maybe that was
21 the one that I saw, as for yet another possibility.

22 Some of the argumentation in the very last
23 paragraph of the 17 October memo, which is Exhibit Number
24 3, sounds familiar to me, but whether it is because I
25 read this memo and heard it or heard it from Charlie

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40

1 Allen in telephone conversations or in meetings I'm not
2 sure. The fact that that line of argumentation is
3 familiar to me doesn't necessarily mean that I saw it.

4 I was aware of Charlie Allen's concern with op
5 sec, and I agreed with that concern.

6 Q Where did you see the memorandum?

7 A I saw it on Colonel North's desk.

8 Q And he showed it to you?

9 A No. I think I just saw it on his desk at one
10 point. I don't think he was even there at the time that
11 I had gone in for some other thing and was looking for
12 it. Colonel North had a lot of stuff on his desk and
13 stumbled onto the memo and so I had a very hasty reading
14 of it, a glance at it, and I'm afraid I can't at this
15 point tell you which one it was.

16 Q Before I turn to some other events of that
17 period --

18 A Before we leave that, though, the sting that
19 we were talking about before was what you were talking
20 about on page one of Exhibit 4, and I don't read that as
21 talking about the Ayatollah sting that you and I were
22 talking about. I see that as an unrelated sting by
23 financiers.

24 Q The word "sting" that I was talking about came
25 out of your prior testimony.

UNCLASSIFIED

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41

1 A But I thought you had said in one of these
2 there was a reference to the diversion.

3 Q There is in one of these memoranda reference
4 to the fact. In the memorandum to Poindexter there is a
5 reference here that Ghorbanifar told Roy and Khashoggi --
6 Roy being Furmark -- that he believed that the bulk of
7 the original \$15 million price tag, which was the price
8 that was paid for the HAWK parts, was earmarked for
9 Central America.

10 In this regard, Ghorbanifar told Roy that he
11 was relieved when the \$100 million aid to the contras was
12 passed by Congress.

13 A Well, again if this is the one that I saw, I
14 don't think those two sentences jumped out at me, as they
15 didn't when I just hastily read it now. But I must tell
16 you that I'm not focusing on not observing material under
17 the circumstances, as I could if I were sitting quietly
18 in my office and reading the memo.

19 Q Let me show you, before I move on to the next
20 subject, some notes of yours that apparently were made in
21 May of 1986 and I don't recall that you were asked about
22 this particular thing before. You testified, and your
23 notes show it, that you did some arithmetic where you
24 multiplied some CIA prices by 3.7. I will show you a
25 note that seems to be relating to phase II radar units

UNCLASSIFIED

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42

1 that were contemplating being sold to Iran where you
2 multiplied by two.

3 Tell me if you can figure out what this is
4 about.

5 A That's times two radars.

6 Q Times two radars?

7 A I think so. That's my best guess right now.

8 MR. BELNICK: That's page 69 of your notes,
9 for the record.

10 BY MR. LIMAN: (Resuming)

11 Q Could you give him his November notes? I'm
12 going to give you your November notes, but I would like
13 you to use them only if you need them to refresh your
14 recollection -- November of 1986. I would like you to
15 tell us, as best you can recall, what happened in
16 November of 1986 after the first news stories appeared in
17 Beirut and in the United States about the Iranian arms
18 sales, what you and North and others did to your
19 observation.

20 Give us an overview of it and we can fill in
21 the details.

22 A When the story first broke in the Middle East
23 it seemed to me it was picked up very quickly by the
24 western press. I was just trying to think whether there
25 was much delay in between.

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43

1 Q There wasn't much of a delay, a couple of
2 days.

3 A Whether the CIA had advance knowledge that
4 there was a leak there and whether it would be picked up.
5 I don't know. But the references to this sort of thing
6 had occurred in the past. I recall some talk about it in
7 a Jack Anderson column that had mentioned Iran and some
8 sort of relationship between the United States and Iran,
9 talking about this compartment on the edges in some way,
10 and that that had eventually gone away.

11 And that the posture that was adopted by the
12 Administration, by those in the box that were familiar
13 with it, was to treat this similarly, that no comment
14 where possible, what I call a very carefully crafted,
15 artful truth, where possible or necessary or, if there is
16 no other way, outright denial -- in other words, cover
17 story to protect the box and not to divulge what was in
18 the box. That was the posture. And this is what I have
19 in my own putting together of the phases of this month,
20 November, called Phase I of the operation.

21 And that seemed to be generally recognized by
22 all concerned, and it was the initial posture. As the
23 story picked up momentum, it seemed that there was some
24 realization that this was a little more than previous
25 leaks and it might not go away as easily and that it

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44

1 might lead to a different posture, so that there was a
2 modification, if you will, to Phase I, which was on a
3 contingency basis to develop the facts, the chronology of
4 what happened on the entire relationship.

5 So that that factual document, which would
6 pull together the bits and pieces of this from all the
7 players and all the people who were knowledgeable, and
8 that no one person knew everything because it transcended
9 time, national security advisors, Colonel North's
10 involvement was later and so forth, so that there was a
11 document that people who needed to know the story would
12 know it.

13 And then if the decision was taken at that
14 point to brief Congress and notify the people that that
15 source document could be used to develop testimony, that
16 it was, to my belief, never any intention to share
17 everything in that factual document with the American
18 people or Congress, that certain things, that sources and
19 methods and so forth would have to be protected, but that
20 the logical beginning point was to at least get all the
21 facts together so that those who were doing the briefing
22 knew the complete history of it.

23 Colonel North at one point told me that we,
24 our office, would have to be involved with the
25 development of this -- I think we were using the term

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45

1 "chronology" at that point; I'm not positive. Or maybe
2 "narrative" was another word that was bandied about --
3 and asked me to do it.

4 And my recollection is a little confused,
5 because Colonel North was in and out of the country
6 several times at this point, so he would be there for a
7 few hours one day and then gone again. Eventually there
8 was an initial delay. I didn't turn to it right away
9 because it seemed to be a lesser order of importance to
10 other things we were doing with getting Jacobson back and
11 so forth. And it was only a contingency thing that we
12 knew we weren't going to be doing tomorrow, that we might
13 never be using it, but it was a prudent thing to do, plus
14 my own, I guess, reluctance to try and piece this whole
15 thing together because I didn't know everything.

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25 But Colonel North knew much more

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46

1 [REDACTED] as well as longer involvement
2 in the thing, and so I kind of felt it was better if
3 Colonel North did that, because he knew more.

4 But because he was going away there was no
5 other choice, and so I had to turn to it and did. I used
6 my own notes and knowledge as one source. I used the CIA
7 and various people out there as another source to try and
8 get information. And then the last resort, one I turned
9 to initially, was other source documentation in the
10 office beyond my own notes or duplicates, in my file,
11 flipping through Colonel North's files.

12 I remember sitting down at his desk and going
13 through his credenza and pulling out files and just
14 paging through and looking for dates primarily, and that
15 I was fixed on chronologies was the way I was
16 interpreting the tasking, that there would be a date on
17 one side and then a brief description of what had
18 transpired for the entire operation. And so in scanning
19 and speed-reading documents I was looking at dates that
20 jumped out, such as the date of the Finding or things
21 like that.

22 This eventually came to about two pages. Then
23 Colonel North turned to and finally wound up to be about
24 a three-page document, with Colonel North's additions and
25 improvements. But I think we had a bit of a disconnect

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47

1 in his understanding of the tasking as it came from
2 Admiral Poindexter and as I understood it, either from
3 Colonel North or because I didn't want to embark on
4 something more ambitious, which was what I think he
5 called the narrative turned out to be a 17-page document
6 which, rather than being a cryptic date and a brief
7 phrase that related the event, was a much more detailed
8 narrative of what had transpired, going into much more
9 detail of why and so forth.

10 And Colonel North himself undertook that,
11 using mine as a cross-check and help, assistance, but
12 also his notes and a variety of source documentation.
13 That was a gargantuan task to put the 17-page narrative
14 together and I just recall repeated drafts. It was an
15 ongoing thing every day for two weeks.

16 Q Who was involved in that?

17 A Well, Craig Coy and I would help out as we
18 could, but knowing only parts of it we were certainly not
19 able to contribute directly very often ourselves, and it
20 was more along the lines of a proofreader of the thing or
21 a sanity check of somebody who wasn't aware reading it to
22 see if it made sense and raising the question or helping
23 with it, but not really as a knowledgeable participant,
24 but as a third party help.

25 But this ten, 12, 14-day period, whatever it

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48

1 was, when we were developing the chronology and the
2 narrative, there would be people coming and going to help
3 out with parts of this and would come into the office and
4 sit down at the conference table in Colonel North's
5 office and read through whichever version we had at that
6 point and mark it up with corrections and changes,
7 additions, and those people who from time to time would
8 participate would include George Cave, General Secord,
9 Howard Teicher, Bud McFarlane. I'm not sure if Charlie
10 Allen did or not.

11 Q How often do you remember Cave participating?

12 A I would say a few times. More than once would
13 be my recollection. My recollection, for example, of Bud
14 McFarlane was only once or twice, very limited. Cave I
15 would put more often than that or more time frame.

16 Q General Secord?

17 A Would be even more than George Cave. Teicher
18 would be down around Cave, kind of a lower level
19 participation maybe. Well, no. It was more than Bud.

20 Q Do you remember any issues that arose in
21 connection with this chronology?

22 A There was some discussion of the 1985 period
23 and that this was a problem, that as people put it
24 together I don't think people knew it was a problem until
25 they had pieced it together and realized that it was a

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49

1 problem.

2 Q A problem in what sense?

3 A That it was before the Finding, that there was
4 a Finding in January and everything that followed from
5 that would seem to flow.

6 Q That was authorized. Let me just be very
7 blunt with you. Did there come a point in doing this
8 work where people became concerned that the activities
9 before the Finding could be criticized because there
10 wasn't a Finding?

11 A I think that is probably accurate. I would
12 phrase it that --

13 Q Well, you phrase it the way you saw it. You
14 were there; I wasn't.

15 A I would phrase it that there was some sort of
16 problem with the 1985 period, that it was not explainable
17 in the same way to the Congress as the 1986 period was,
18 and that there was uncertainty as to what actually had
19 happened then and who did what to whom. And there was
20 considerable confusion about that, as well as concern on
21 how to present all of that to the Congress.

22 MR. LIMAN: Can we go off the record for a
23 moment?

24 (A discussion was held off the record.)

25 BY MR. LIMAN: (Resuming)

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50

1 Q Back on the record. Mr. Earl, I've put before
2 you your notes for the November 1986 period on the
3 chronology. If those help refresh your recollection, why
4 don't you give us, in a narrative form, your recollection
5 of the evolution of the chronology as you either
6 participated in it or witnessed it?

7 A I have already given you in general what I
8 recall to set the scene and what I suggest is that
9 starting at whatever I can find to be the earliest
10 reference to some kind of direction on it, just read
11 through it, and if there is any recollection that
12 precipitates put that in the record.

13 Q Fine.

14 A I'm just trying to find where it starts.

15 (Pause.)

16 Okay. Here's a reference sometime after the
17 third. Okay. It's on the fourth of November.

18 Q This is 1986.

19 A A reference to my note from an ODSM meeting,
20 Office Directors Staff Meeting, the morning meeting with
21 Admiral Poindexter or his deputy with the key members of
22 the NSC staff, that there was a pro-Syrian press article
23 alleging that Bud McFarlane had been to Iran and I think
24 that is probably the first reference, so that the fact of
25 the leak was now raised.

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51

1 MR. BELNICK: That's page five of the November
2 notes.

3 THE WITNESS: Yes.

4 (Pause.)

5 All right. There's a reference on page nine
6 and I don't know the date, sometime after the fourth.

7 MR. BELNICK: It is still November '86.

8 THE WITNESS: Yes. And I think this is coming
9 from Dave Long.

10 MR. BELNICK: Who is Dave Long?

11 THE WITNESS: He's in the State Department.
12 He works in counterterrorism, but I'm not sure by the
13 redaction by the juxtaposition. It is someone relaying a
14 press story or an allegation that this whole thing was a
15 boilerroom operation in the NSC by North and it was not
16 shared by the rest of the government and that the State
17 Department had refused to comment on that story, "refused
18 to reaffirm" is what I wrote in my notes.

19 And then I have a reference to a reporter,
20 that there is growing pressure on the United States to be
21 more forthcoming in its defense regarding the whole
22 release of Jacobson issue. And then here I have a
23 reference to ^MJEP statement, and what that means is I
24 believe it is about a sentence that was released to
25 reporters by Admiral Poindexter in Air Force One that

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52

1 said that so long as the Iranian government continued to
2 sponsor or support acts of terrorism against Americans we
3 would not be involved with weapons, we would not sell
4 them weapons or give them weapons or something like that.

5 BY MR. LIMAN: (Resuming)

6 Q When did he say that?

7 A Well, this date, it is still on the fourth. I
8 think it was on the fourth of November.

9 Q Did that create any problem because at that
10 very period you were at the NSC dealing with the second
11 channel?

12 A No. It was a very carefully crafted
13 statement, as I read it, and in fact my notes say that it
14 positions the U.S. to ship spare parts if the hostages
15 are released, and actually even stronger was the
16 interpretation by the people within the box that from the
17 time, from the inception of this program that it had been
18 one of the ground rules, a sine qua non, of the
19 relationship that Iran should discontinue support to
20 terrorism against Americans, and that to our knowledge,
21 and CIA concurred in this, that they had done it for a
22 year or a year and a half or some fairly significant
23 period of time to date, and that, knowing that, that
24 Poindexter's statement would be acknowledging that it was
25 possible even then to be shipping arms to Iran or through

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53

1 that period.

2 And so it depends upon what you believe about
3 Iranian terrorism, but most people would probably have
4 interpreted that Iranian terrorism had not stopped, not
5 knowing the intelligence, and therefore it was in effect
6 a denial of arms relationship with Iran. But in reality
7 it was the opposite.

8 Then on the fifth of November there's a note
9 on page 13 that refers to other countries besides the
10 U.S. that have an arms relationship with Iran, and my
11 list includes

12 and I believe that Craig Coy at that time
13 received tasking to develop a memo about this subject --
14 who else was selling arms to Iran -- and did some
15 research with State Department and CIA and developed a
16 couple, three-page memo on that subject. And that was
17 also some of the input that we used in developing the
18 narrative and the chronology.

19 Then, on page 14, I believe still on the
20 fifth, there is a reference to the script chronology,
21 explanation of what that means, what we did and when,
22 that it should stress the objectives of the Iran
23 operation, one of those objectives being a proper
24 relationship with the Gulf countries. Another objective
25 would be ending the Iran-Iraq war, and a third objective

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54

1 being to get the hostages back, and a circle indicator of
2 putting end of war, to put it up higher, as perhaps a
3 higher priority than the first one of proper relationship
4 with Gulf countries. That is just a prioritization issue
5 on those three objectives.

6 Then further guidance on the script chronology
7 would be to leave out superfluous details and emphasizing
8 instead how we can use this opportunity to, and it is
9 incomplete, but it refers to use it diplomatically,
10 strategically, for the United States' benefit.

11 Q Now is the script chronology what you have
12 referred to as the larger chronology?

13 A Okay. I think this is still a period of
14 confusion in my mind. I mentioned earlier that Colonel
15 North's interpretation of what was required and mine were
16 a little different, either that I was misunderstanding
17 him or whatever, and that we had two different art forms
18 being conceptualized here, and I think if this is still
19 the fifth of May we're still in the period of confusion.

20 Q The fifth of November.

21 A The fifth of November, I'm sorry. This is
22 guidance that -- I'm not sure who it's coming from. It's
23 probably coming from North, from Poindexter.

24 Q Who do you recall giving you instructions on
25 what the chronology should include and not include?

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1 A I think I almost always got those directly
2 from North, but they may have been relayed from Admiral
3 Poindexter.

4 Q Do you recall at any time getting instructions
5 directly from Admiral Poindexter on what you should
6 include and not include?

7 A No, sir. I don't think so. I think when
8 Colonel North was out of the country I was turning to and
9 doing this thing in his absence, but I never had occasion
10 to seek further guidance. I just worked until he came
11 back, showed it to him, and then he, Colonel North, was
12 the one who dealt with Admiral Poindexter on the
13 chronology, I think in all cases.

14 Q Now as I have listened to those instructions
15 that you read the object was to do a sales job on this
16 initiative, to present the reasons for it and not get
17 immersed in detail. Fair?

18 A Certainly not get immersed in detail, and
19 emphasize the strategic objectives.

20 Q You're running from a sales job.

21 A Sure I am.

22 Q And here you were under attack. The
23 Administration was under attack for having done business
24 with Iran. Correct?

25 A Yes.

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56

1 Q And you were there being asked to prepare a
2 document to demonstrate the merits of that initiative.

3 A Yes. Thank you.

4 Q Now continue.

5 A I've said this before, but I will say it again
6 since you may not have been here then, but clearly there
7 are a number of ways to describe a certain event, and if
8 you had two formulations of an event the one which
9 emphasized the pluses, the advantages, that would accrue
10 to the United States for doing this would clearly be
11 preferable over the one that emphasized more the risks or
12 the problems or the disadvantages, both being accurate
13 descriptions but just in the way of articulating them,
14 although it wasn't said specifically, but that was my
15 working hypothesis of how to go at this.

16 Q We lawyers call it a brief.

17 (Laughter.)

18 A Then the next reference is on page 15, on the
19 sixth of November. Again Colonel North must have been
20 out of the country because I went to the ODSM, the office
21 directors staff meeting, and my notes from that staff
22 meeting suggest that whoever was chairing the meeting --
23 whether it was Admiral Poindexter or Al Keel, and I don't
24 know which one; it could have been either -- but that the
25 guidance given to the press folks was basically no

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57

comment on this whole issue of Jacobson and the Iran operation, but that with caution that giving some information about [REDACTED] on background could be done, not directly attributable.

Q

A

[REDACTED]

And so it was really a dicey issue of how to deal with it.

Q So you are still in --

A And I would emphasize that I think we are still concerned with that, and I know that this transcript is top secret. I don't know how you deal with that in an open session.

Q It was not my plan, let me just assure you, that in a hearing that is dealing with issues of process and, I hope, constitutional issues to go into [REDACTED]

[REDACTED] We are not the National Inquirer.

A Continuing then with the notes from the ODSM, very few people in the U.S. Government know the details of this. This was coming from either Admiral Poindexter

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58

1 or Al Keel to the assembled office directors who were
2 being informed of this also, as well as to the press,
3 public affairs, people in the NSC and the White House
4 staff. Be careful with the information that you get as
5 being an exhortation to the press would be one of the
6 things that the PAO people felt, to tell them to be
7 careful.

8 Q Don't accept at face value?

9 A Yes. And then a reference to we won't be
10 trapped into something -- it fades off -- but the basic
11 line was that because a press reporter gets a piece from
12 the Middle East and a piece from --

13 Q We're not going to end up giving a statement?

14 A Right. We won't let you trap us into going
15 further than this. This is the line that we intend to
16 hold.

17 Q You were still in Phase I,

18 [REDACTED]
19 [REDACTED] but at this
20 point you were still in Phase I, which was to try to
21 protect the security of the operation by saying nothing;
22 isn't that right?

23 A As little as possible, yes, sir.

24 Q And he was saying let's not get trapped by
25 having to affirm or to deny stories in the press?

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59

1 A Yes, sir.

2 Q Go on.

3 A Could we go off the record for a minute?

4 MR. LIMAN: Sure.

5 (A discussion was held off the record.)

6 MR. LIMAN: Back on the record.

7 THE WITNESS: We're still on the sixth. On

8 page 17 there's a note that tells me to get chronology

9 input from [REDACTED]

10 BY MR. LIMAN: (Resuming)

11 Q He is a loquacious man, right?

12 A Not exactly, but I think that must be coming
13 from a suggestion from Colonel North that I expressed to
14 him. I had difficulty in piecing this thing together,
15 and so he is saying talk to [REDACTED]

16 Q What were you going to do, beat him with
17 hoses?

18 (Laughter.)

19 A Continuing at the top of page 17, there is a
20 reference to something on CNN that occurred, I guess, in
21 an interview with a CSIS colleague of Bud McFarlane, that
22 in some way something was said that tended to undermine
23 Bud's position in this whole thing.

24 Q What was Bud's position -- that he wasn't in
25 Tehran, that he was some [REDACTED] who was carrying an

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60

1 Israeli-baked cake?

2 (Laughter.)

3 A Well, as I recall, there was a similar very
4 carefully-crafted response similar to Admiral
5 Poindexter's response that we just talked about on the
6 plane, that he was asked if he had been in Tehran in
7 August or September or something like that, and he
8 replied, no, I was not in Tehran in August or September,
9 or something like that, which was absolutely true. He
10 had been there in May, but he didn't say he had been
11 there in May.

12 I think this is relevant. This is still on
13 page 17. There is the reference to "Craig heard from
14 Rich". That would be Craig Coy heard from Rich Armitage
15 that some Pentagon folks might quit over this, and I'm
16 not sure of the date here again, sometime after the
17 sixth. That strikes me as being a little early, but I
18 guess not. Maybe it was indeed this early -- concerning
19 bureaucratic pressures on people that weren't in the box
20 that were learning of it and whether for NIH -- not
21 invented here -- not having been consulted and taking
22 umbrage at that, or whether it was bona fide concern with
23 the principle of dealing with Iran, that there was some
24 concern.

25 Q Did they tell you who they were?

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61

1 A No. But the note says that this had been
2 passed to Nir by Craig, and I made a note of that.

3 Q Wait a minute. This is Craig Coy telling you
4 that some people in the Pentagon may quit, and he tells
5 Nir in Israel?

6 A The fact that Craig had been given that
7 information from Rich, not who he got it from, but just
8 the fact that there was bureaucratic discontent among
9 some of the agencies in Washington over the Iran
10 initiative was passed to Nir by Craig, and I made note of
11 that because if I had been talking to Nir in that
12 conversation I would not have passed that to Nir because
13 I think I was more sensitive, in fact I raised it with
14 Craig afterwards, that I wanted to make sure that he was
15 aware, as I was acutely conscious, that Nir was a member
16 of a foreign intelligence service.

17 MR. BELNICK: Did Nir tell you how things were
18 going at the Mossad?

19 (Laughter.)

20 THE WITNESS: Well, sometimes he did.

21 BY MR. LIMAN: (Resuming)

22 Q Nir was a professional colleague?

23 A Yes, and Craig, to his credit, countered with
24 a plausible argument on the other side, which was that
25 Nir was intimately involved in this whole affair and

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62

1 Craig made the judgment that he, Nir, needed to know what
2 was going on on this whole thing in order for them not to
3 be blindsided and to help us in this thing as well.

4 And so I think that is one of those difficult
5 issues where two well-intended people can come up with
6 opposite judgments.

7 Q It's a judgmental issue.

8 A Yes. Then there is a note again on 17, and
9 this I think is coming from Charlie Allen, that
10 confirmation that telephone calls and telexes are in fact
11 going in and out of Tehran, that this is a periodic
12 problem that the telephones and telexes would be cut off,
13 power shortage and so forth, so that we were having
14 difficulty getting in touch with the second channel or
15 doing other things.

16 But also a reference to the fact that he
17 thought that the leak had occurred at the State
18 Department, or part of the leak, and I'm not sure whether
19 it was the original leak, but some leak somewhere.

20 (A discussion was held off the record.)

21 MR. LIMAN: Why don't we take a short break?

22 (A brief recess was taken.)

23 MR. LIMAN: On the record.

24 BY MR. LIMAN: (Resuming)

25 Q Continue, please.

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63

1 A We are on page 18, and sometime after the
2 sixth, is about the best I can nail it down in time at
3 this point, but there are some references to ongoing
4 press articles and that was a factor at the time because
5 it raised issues that we would have to be focusing on in
6 developing the chronology. This is an article that the
7 L.A. Times alleged that Reagan personally approved the
8 operation, that Shultz and Weinberger were only brought
9 in recently. Colonel North had been traveling in
10 disguise.

11 Q That is what the press was saying?

12 A This was all alleged by the L.A. Times, yes.

13 Q Now what, if anything, did you know at that
14 point as to whether the President approved the initiative
15 at the outset? This is in 1985.

16 A I don't think the issue ever arose until we
17 came to that point in the chronology, when some stuff had
18 been written about '85 and on analysis people realized
19 that it was confusing and questions and so forth, and I'm
20 not sure exactly when that occurred. I think it is later
21 than this, that we are not very far along in the
22 chronology yet, and so I think it is some time after
23 this, so that I had no knowledge at this time of that
24 issue.

25 But my assumption, my general assumption,

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64

1 would be that everything that was done in our office,
2 that we did, was authorized and people up the chain
3 approved it.

4 Q Did you ever meet the President?

5 A Once, and I think I've already given that. It
6 was a meeting of the President with Father Jenko and his
7 family.

8 Q Did Oliver North tell you that he ever met the
9 President alone?

10 A Yes, sir.

11 Q When did he tell you he had met the President
12 alone?

13 A I recall a reference to the Grenada military
14 operation and he had come over to the West Wing to update
15 the President on some development.

16 Q That was before you joined the NSC?

17 A Yes, but you asked me if he ever told me, and
18 I'm giving you a conversation that we had about Grenada
19 at one point. And the story that he gave was briefing
20 the President on the thing and being worried about
21 something, and the President was not worried about it,
22 and they both sat down and watched on television as the
23 students, the first plane of students, came back into the
24 United States and saw the one student come down and kneel
25 down and kiss the ground in the United States that he was

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65

1 back, and that was the episode, and my recollection is it
2 was just the two of them, from Colonel North's relaying
3 it to me.

4 Q Colonel North told you that as an indication
5 of how moved the President was?

6 A I forget the context in which it arose. Well,
7 no, I do. It was we were over -- I forget who was in
8 town, but I was showing somebody the West Wing and I
9 couldn't do that alone because I didn't have a White
10 House pass and Colonel North was taking my guest through
11 to show them, and we were standing outside the Oval
12 Office and it triggered this memory of having gone in to
13 brief the President in the Oval Office.

14 Then they went to the room on the side where I
15 think he said there's a television, and the two of them
16 went in there and watched it. That is how it arose.

17 Q Did he ever tell you of any other occasions
18 where he met the President alone?

19 A Not that I can recall right now. He may have,
20 but I can't recall any.

21 Q Did North ever tell you about meeting the
22 President with Poindexter or McFarlane?

23 A Yes, sir, in general I would say yes, that
24 there were several or numerous occasions in which I would
25 somehow get some feedback that he had been at a meeting

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66

1 with others and the President and get some feedback of
2 that meeting.

3 Q Did he ever tell you that he had briefed the
4 President on Iran with others present?

5 A Not that he had briefed. That strikes to me
6 of formal presentation of the thing and no, but meetings
7 to discuss the hostage situation and the Iran thing, yes,
8 on more than one occasion. That sort of thing seemed to
9 me to occur at many points because there was an up and
10 down cycle. Sometimes the thing would be on and other
11 times it would be dormant.

12 Q So he participated in meetings with the
13 President on the Iran issue?

14 A Yes, sir.

15 Q What about on contra policy or support?

16 A Well, I can recall the three A's coming into
17 the office and meeting with Colonel North and then all of
18 them going over to a meeting in the West Wing, and I
19 think it was with the President, and I think that was one
20 of the ones that there were photos of all of those people
21 at that meeting.

22 Q Did you ever ask Oliver North point blank
23 whether the President knew about what we call the
24 diversion?

25 A No, sir.

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67

1 Q And is the only reference that Oliver North
2 knew, that Oliver North made with respect to that
3 concerning the President the one that occurred on the
4 staircase or the stairwell?

5 A I think so. I think that is the only
6 reference to it. It's the only one that I can recall
7 right now, and I don't think there was anything else. I
8 don't want to foreclose absolutely the possibility that
9 there was some cryptic reference, but I can't recall
10 anything.

11 Q Well, I want you to think about that.

12 (A discussion was held off the record.)

13 BY MR. LIMAN: (Resuming)

14 Q When you were told about what we call the
15 diversion, did you ask Ollie who authorized it?

16 A No, sir.

17 Q In your own mind did you consider that it was
18 Casey?

19 A The question just doesn't -- it's not
20 focusing.

21 Q When you say it's not focusing, you didn't
22 think about it?

23 A No.

24 Q You assumed that this was an authorized
25 operation?

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68

1 A Yes, sir.

2 Q In your experience with Oliver North you know
3 he has been described as flamboyant, a can-do guy, and so
4 on. You've heard those descriptions of him?

5 A Yes, sir.

6 Q And he was indeed a can-do person?

7 A No question -- mission oriented is the Marine
8 Corps phraseology. He would accomplish the mission.

9 Q Were there occasions that he did something
10 that was outside of authorization that you observed?

11 A There were, it seems to me, occasions in which
12 he was put in a position where he was not briefed, that
13 he would have to extemporize, as for example the senior
14 negotiator on scene with the Iranians and would have to
15 do something that was not discussed at the time, but that
16 my sense is that he would always come back and back-brief
17 and say I had to do such and such and that he would not
18 be reluctant to do something that he saw as necessary in
19 order to carry out the operation as he saw it, and just
20 because he was uninstructed on a specific point didn't
21 mean to him that it was unauthorized for him to do what
22 he felt was necessary, but that it was inconceivable to
23 me that he would do that on his own because he didn't
24 think that somebody would approve it and that he was
25 trying to hide it from the chain of command.

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69

1 He would dutifully inform the chain of command
2 when he had to exceed his brief, if you will.

3 Q Did Ollie ever tell you who thought of the
4 idea of the diversion?

5 A No, sir, I don't think he ever did. I don't
6 think that ever arose.

7 Q Did he ever tell you whether there were any
8 other diversions other than from the Iranian arms sale?

9 A No, sir. I don't think so, although it raises
10 what is possibly relevant, something we already talked
11 about here, about conceptualizing, at least in theory, a
12 way of doing that with an operation with Ross Perot that
13 we talked about.

14 Q Yes, that you have given us.

15 A I think that is about the only other one that
16 arose even potentially.

17 MR. LEON: How about contra money to pay for
18 DEA agents' expenses?

19 THE WITNESS: No. I think the first time I
20 knew of that was at the testimony in these hearings. I
21 didn't know anything about that.

22 BY MR. LIMAN: (Resuming)

23 Q Did you ever know that Oliver had any money in
24 his safe?

25 A No, sir. I didn't know that either, and I'm

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70

1 not sure that he ever did while I was aboard the NSC. I
2 think all of the dates were in 1985.

3 Q Did you ever talk to Ollie as to what he
4 planned to do when his term at the NSC was up?

5 A We talked kind of generally about his career
6 in the Marine Corps and so forth.

7 Q Did he want out?

8 A Did he want out of the NSC?

9 Q The Marine Corps.

10 A No, sir, I don't think he did. I think he
11 wanted to go back and do that which we O-3 -- that is,
12 infantry -- Lieutenant Colonels aspire to do, which is to
13 command an infantry battalion, and he was not being
14 afforded that opportunity. I don't know whether we want
15 to go any further into that. I can, if we want to.

16 MR. LIMAN: Off the record.

17 (A discussion was held off the record.)

18 MR. LIMAN: Let's go back on the record.

19 BY MR. LIMAN: (Resuming)

20 Q Did Colonel North ever indicate that he would
21 like to do what General Secord was doing, which was
22 conducting some special operations as a private
23 businessman?

24 A No, sir, I don't think so.

25 Q Did he ever talk to you about going into

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71

1 private business?

2 A I don't think so, no.

3 Q Did he ever tell you he had been offered any
4 opportunities to go into private business?

5 A Yes, sir, he did.

6 Q Who did he tell you offered him those
7 opportunities?

8 A I don't think he ever gave a name.

9 Q Did he ever mention Hakim?

10 A No, I don't think so. I don't think he
11 mentioned who had made an offer, but there was a
12 reference at one point to a very lucrative offer, that he
13 could make a big salary with a job offer. I think we had
14 had that discussion at one point and certainly that was
15 something in his decision matrix and looking at the 20-
16 year mark and NSC and continuing in the Marine Corps and
17 so forth.

18 Q Did you ever speak to a man by the name of
19 Zucker? He ran an equivalent of a bank in Switzerland
20 for the Lake people.

21 A I don't think so. It's possible that I got a
22 call from somebody that I didn't know.

23 Q The name doesn't ring a bell?

24 A No, sir.

25 Q How about Hakim?

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72

1 A Hakim I know. I mean, if he was on the other
2 end of the phone I knew who it was. I did have
3 conversations with Hakim, but I never met him.

4 Q But you didn't meet Hakim?

5 A I've never met Hakim.

6 Q And how often do you think Hakim called?

7 A I would say not very often at the beginning.
8 It was in the later stages. The second channel to me
9 seemed to be associated with when the frequency of his
10 calls or my conversations, at least, with him on the
11 phone, that he would be in one of these I called them
12 CPs, command posts that were established to deal with the
13 second channel.

14 Q Was he always calling about money, money
15 matters?

16 A Well, in thinking back on it now I'm not sure.
17 Well, I guess. I was about to say but I don't think he
18 ever initiated the calls, but that is probably not true
19 either. My recollection is that we would be talking,
20 whoever initiated the call. We would be talking to the
21 CP and he would be one of the people in the CP who would
22 be on the phone and get North for us, if they wanted
23 North, or get Secord, if Colonel North was calling for
24 Secord. Hakim happened to be in the room.

25 It was a little more incidental than that,

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UNCLASSIFIED
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73

1 although some substantive involvement in the progress of
2 the negotiations, but money, I don't think so, no. I
3 think my involvement on the money and the bank account
4 and confirming the number and defining the status was
5 always from CIA to either North or Secord.

6 It's possible that in trying to get to Secord
7 that I could conceivably have given the number for
8 confirmation to Hakim. That wouldn't strike me as being
9 something that I would proscribe. I would trust him to
10 be in the box, that I could do that, but I don't think it
11 happened. I think I gave it to either Secord or to
12 North.

13 Q Colonel, were you privy at all to any of the.
14 discussions as to what should happen to the assets of
15 Project Democracy in Central America?

16 A Well, we talked about this last time, and I
17 recall that there were discussions about this, the
18 transition and what would be done -- the transition when
19 the CIA would begin operations with the \$100 million and
20 what would be done with this existing capability and
21 infrastructure. And I think that both selling of certain
22 assets as well as giving of certain assets were
23 discussed. But I can't go -- I don't recall. I can't go
24 into any more detail as to which.

25 Q Your notes don't seem to have any entries

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74

1 reflecting that. At least I haven't found any.

2 A Well, I don't know.

3 Q Well, we can go through that and maybe find
4 something.

5 A I don't think so either. I'm not recalling
6 any, but there might be.

7 Q Why don't you continue on with the chronology?

8 A All right.

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(Pause.)

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A note in here on page 19 about Nir and some problem with passports, and ideas as to what to do. I'm not sure that's relevant, but I think it is. It triggers the more general memory that Nir and the Israelis were actively involved in dealing with this, the leak, and how to treat it, and that they were proponents of Phase I, no comment, deny, not to jeopardize the relationship with

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75

1 Iran by exposing details of it further, and very strong
2 proponents of that.

3 Q Why don't you go on with the next?

4 A Page 19 has a specific reference to that --
5 that is, assessment -- and it's sometime after the sixth,
6 that the press, I guess, has exhausted the issue as far
7 as specific revelations are concerned at this point.

8 Q That just shows how wrong the Israelis can be,
9 right?

10 A They make mistakes, like we do. That his bet
11 is that there wouldn't be any further major revelations
12 and to continue "no comment" the way we were doing and
13 that the Prime Minister recommended that Poindexter and
14 the President flatly deny the operation and that any
15 other way of dealing with it was worse than doing this.

16 MR. LEON: He was suggesting they lie?

17 THE WITNESS: Flatly deny is what I have as
18 his words. I think that's a quote.

19 MR. LEON: Was that recommendation made to the
20 President, do you know?

21 THE WITNESS: I don't know that.

22 BY MR. LIMAN: (Resuming)

23 Q Well, you passed it on?

24 A I would have passed this. If Colonel North
25 was present, I would have passed it to him. If not, I

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76

1 would have passed it to Admiral Poindexter. I don't know
2 which one I did. And that Rabin concurred. So that
3 there was unanimity within the Israeli government, if not
4 within the U.S. Government.

5 Off the record for a minute.

6 (A discussion was held off the record.)

7 MR. LIMAN: Back on the record.


8 BY MR. LIMAN: (Resuming)

9 Q Let's go --

10 A There is a reference on page 21 to the
11 briefcase devices and these were the secure voice means
12 of talking to the second channel that ultimately we did
13 get and used.

14 Q Continue.

15 A The commercial secure voice.

16 All right. On page 22 there is a note from
17  who is one of the CIA, who was a CIA
18 logistics contact, and I had been asking him for input to
19 the chronology, and so he is calling me back and giving
20 me some specifics.

21 Q What were the specifics?

22 A Well, from the sketchy records that they had
23 and the guidance that CIA operated on for this program
24 was minimal records, paper, but that in '84 Michael
25 Ledeen -- well, I'm not interpreting exactly, but either

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77

1 through or for the NSC, in some way connected to the NSC,
2 had suggested some Israeli contacts, that Ledeen had met
3 with both Peres and Kimche and that Ledeen was introduced
4 to Ghorbanifar and that in September '85, that the NSC
5 had made an intelligence collection request.

6 Q He was giving you material to include in your
7 chronology?

8 A Correct. Then there's a reference on page 23
9 -- and again I'm not adding dates. This could still be
10 the sixth or something thereafter. There is a reference
11 to the possibility of Michael Ledeen appearing on Face
12 the Nation on this issue and that he wanted to go on and
13 defend the policy, and that other possibilities were
14 Senators Hatch and Leahy being on that particular
15 program, on, say, Face the Nation.

16 Then on page 24 there's a reference that gives
17 guidance for the development of the paper, the narrative
18 that we were working on, and one point was that Admiral
19 Poindexter wanted the Furmark paper, a copy of it, so
20 that he could have that as input to his --

21 Q Now the Furmark paper was the one that we
22 referred to before?

23 A Well, possibly one of these two exhibits -- 3
24 or 4 -- although, like I say, there's also a possibility
25 of 14 October memo that I haven't seen.

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78

1 Q We can also give you a November 7, '86 paper,
2 and let's mark this as the next exhibit.

3 (The document referred to was
4 marked Earl Exhibit Number 5
5 for identification.)

6 Does this one ring a bell?

7 (Pause.)

8 A I'm not sure yet.

9 (Pause.)

10 Q Does it ring a bell?

11 A All I can say is bits and pieces ring bells,
12 and I'm familiar with the line of argumentation.

13 Q But you don't know whether this is the
14 memorandum?

15 A No. I just have this collection of memos that
16 any one of them could be it, but I don't know which
17 because there seem to be bits and pieces in each of them
18 that I recall, but others that I don't.

19 Q Is the memorandum that you saw one which in
20 fact referred to the claim that money was diverted to the
21 contras?

22 A It is possible that that was in there, but I
23 don't recall that it was in that memo. My recollection
24 of the memo that I read at the time, my recollection is
25 that the more general financial problem and threat of

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79

1 exposure, not the specific point of anything related to
2 contras.

3 MR. LIMAN: Why don't we take a break now for
4 lunch and then come back?

5 (Whereupon, at 12:10 p.m., the taking of the
6 instant deposition recessed, to reconvene at 2:10 p.m.
7 the same day.)
8

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80

AFTERNOON SESSION

(2:10 p.m.)

Whereupon,

ROBERT L. EARL

the witness herein, having been previously duly sworn,
was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q Do you want to continue with the events of
November?

A We're looking at the notes relevant to the
development of the chronolgy and I'm on page 24, and
there is a reference to the paper, and I'm reading that
as to the chronology, and some work on it, and one of the
notes to myself is that Admiral Poindexter needs a copy
of the Furmark paper, whichever version -- there being
about three or four of that and I don't know which one.

Q Do you remember the conversation that led to
that?

A No, sir, and I'm not sure who this is coming
from. It's probably coming from Colonel North.

Q Do you remember whether you discussed it
directly with Admiral Poindexter?

A I know I did not do that.

Q Furmark?

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23 Q Well, what instructions, if any, did you have
24 as to whether you should include that fact in your
25 chronology?

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82

1 A I don't think there were any specific
2 instructions on that.

3 Q And you made a decision then that in your
4 version you would not include any reference to the contra
5 support in your chronology?

6 A No. I don't think it even got to the point of
7 taking a decision one way or the other, and the way I
8 approached it, which was searching for dates that I could
9 attach specific decisions or events or things to, nothing
10 came out from that associated with a date.

11 Q But when you said the dates, you were getting
12 the dates from documents?

13 A The dates from documents and people and my
14 notes.

15 Q But did you ask any people as to when it was
16 that the money was given for the support of the contras?

17 A No, I did not.

18 Q So it really comes down to the same thing,
19 that you made a decision, either consciously or
20 subconsciously, that you were not going to seek that
21 information to include in the chronology.

22 A Well, subconsciously. I just have trouble
23 saying it was a decision.

24 Q But you made the decisions to talk to people
25 in order to get dates of events that you weren't familiar

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83

1 with, correct?

2 A I asked for information, for input, and would
3 received back information. I can't recall specifically
4 going back and saying explain this to me in detail and
5 going to them with a date or an event, asking. I could
6 well have done that, but I was much more likely to be
7 asking for information from them.

8 Q You were trying to tell the story in an
9 abbreviate form of what happened with the initiative, the
10 Iran initiative; is that correct?

11 A Yes, sir.

12 (Counsel conferring with the witness.)

13 Q Well, then why, in telling the story of what
14 happened to the Iran initiative, did you not include a
15 reference to the use of the funds for supporting the
16 contras, or did you include it?

17 A No. Again, that question, it is kind of
18 foreign to me. I never really considered it. It just
19 didn't come up in the course of my development of that
20 two pages that I did. It wasn't one of those that leaped
21 out to me as a singular event to have a date attached to
22 it and put it in the chronology.

23 Q But, Colonel, it was a singular event in that
24 when you heard it you realized it was extremely secret
25 and confidential, correct?

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84

1 A When I heard it, yes, that it was very
2 sensitive, yes.

3 Q And you knew that it was the type of fact that
4 if it came out could have some repercussions?

5 A Hostage-wise, yes.

6 Q And you also recognized that it had some
7 benefits, the Iran initiative, in that it generated some
8 funds for the support of the contras. It was one of the
9 pluses, I think you testified that way.

10 A I would agree with that, yes.

11 Q And indeed at one point you said that you had
12 a sort of hazy recollection but it really didn't rise to
13 what I would consider a memory level that this might have
14 been listed in effect in the ledger on the good side of
15 this Iran initiative.

16 A I have a very confused and hazy memory of
17 something in a version of that at some point, I think
18 later, but I'm not sure whether this is something that I
19 heard after the fact that I transposed in my memory to
20 this time frame. I don't know, but certainly in this
21 beginning period where I was working on the abbreviated
22 chronology myself what we were just talking about, the
23 pluses, I wasn't in the mode of trying to stress all of
24 the benefits that were strategic benefits to the United
25 States of this relationship.

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85

1 In my mind, that is later in the exercise as
2 we get into the narrative and what Colonel North was
3 doing. Mine was just an initial very rough, not even
4 intended to be comprehensive first cut at a draft that
5 somebody else who knew more about it could play with.

6 Q Then, continue.

7 A Again on page 26, someone is giving me some
8 indications of a press article that either had come out
9 or was about to come out that related to this issue and
10 that was relevant to the development of our chronology.
11 Do you want me to go into those details or not?

12 (Pause.)

13 Q This was an article that described somebody as
14 the Gordon Liddy of the Reagan White House?

15 A Yes.

16 Q And who was it whom they described as the
17 Gordon Liddy of the White House? Is that Ollie?

18 A The reference was supposedly, as alleged --
19 and I don't know whether it ever came out -- it was
20 alleged that that was going to be an article comparing
21 Colonel North to being the Gordon Liddy of the White
22 House in this Administration.

23 On page 27 -- 10 November we are up to now --
24 there's a reference to a phone call that I received from
25 Rich Armitage which gave his analysis of the bureaucratic

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TOP SECRET CODEWORD
UNCLASSIFIED

86

1 situation as it was developing with lots of people who
2 were not in the compartment at State and DOD and other
3 places, who were now in the compartment and they weren't
4 happy.

5 Q And who did he say was --

6 A Well, he characterized the State Department as
7 being shameless in this episode, whereas --

8 Q Shameless in that it was running from it?

9 A It was being disloyal, that it was leaking
10 information, that it was just not supporting the
11 President in coming to grips with this problem, whereas
12 DODI showed, he characterized them as coming across more
13 as stupid but loyal, and that the sharks were out for .
14 Admiral Poindexter and the entire NSC structure, not just
15 at Colonel North, but it was payback time for getting at
16 the NSC as an organization from the various
17 bureaucracies.

18 Q Was Armitage somebody who you normally talked
19 to?

20 A Yes. I talked to Armitage.

21 Q And was he passing this information on to you
22 for you to relay it to someone else?

23 A It would be for Colonel North, and I guess
24 also for Poindexter.

25 Q Was it just information or did he want you to

TOP SECRET CODEWORD
UNCLASSIFIED

UNCLASSIFIED

87

1 do something about it?

2 A No. I think it was just heads-up, if you
3 will. This is the way he assesses some of the
4 bureaucratic turf wars that were ongoing that we, the
5 NSC, ought to be aware of, and that this is a problem out
6 there, and he was just relating that he had been out to
7 San Francisco and gave a speech and took a beating from
8 the press or questioners on this issue of Iran in
9 questions.

10 And then, beginning on page 29 -- again still
11 on 10 November -- there are several pages and I was
12 looking at these over lunch on a CPPG that was held on
13 Iran, which you may or may not want to know about.

14 Q Were you there?

15 A Yes, I was. In fact, four pages.

16 (Pause.)

17 Q In essence this was an assessment of what the
18 chances were of opening a door to Iran?

19 A Yes. It was an attempt to bring in all the
20 people in the bureaucracy who had been outside the
21 compartment heretofore into the compartment, or at least
22 those portions of the compartment that could be shared
23 with them, in order to on a coherent and united fashion
24 make the Administration's case.

25 I think it was outlined at the meeting by Al

UNCLASSIFIED

UNCLASSIFIED

88

1 Keel that there were two compartments being created as of
2 this moment. One was the policy compartment, which dealt
3 with the strategic relationship with Iran, and the pros
4 and cons of that and where it might go and so forth, and
5 then the operational compartment, which related to
6 ongoing details of our relationship with the second
7 channel and the hostages. Perhaps future releases would
8 be involved with that, and that would be a much smaller
9 compartment and not everybody would be in that.

10 And Al Keel was notifying them of the
11 existence of these two compartments, but at this meeting
12 we were only talking about the first one.

13 Q And, just so that we have this down, if I read
14 this correctly, toward the end of your notes you describe
15 our objectives and interests as denying Iran to the
16 Soviets, preventing an Iranian victory in the Iranian
17 war, and stopping Iranian terrorism.

18 A Those were at least three of the objectives of
19 this operation.

20 Q And then you describe what the Iranian agenda
21 was as people there saw it. One was to get rid of the
22 President of Iraq and the other was to get arms.

23 A Yes.

24 Q You talked about the constraints of law on the
25 actions that we could take. Is that what that refers to?

UNCLASSIFIED

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89

1 A There was the beginning of a discussion of
2 some of the things that needed to be considered in
3 continuing or refining the Iranian initiative.

4 Q And one of them involved arms transfers as
5 being one of the matters where you had to look at what
6 the legal constraints were?

7 A That had to be considered and fully evaluated,
8 yes.

9 Q And then you dealt with dealing with the
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]

13 A I would feel and have no problem with saying
14 that in a classified transcript, but I would have
15 problems with saying that in an open hearing

16 Q I don't see why we have to bring any of this
17 out in your testimony. It is just that since we can't
18 keep your notes and this is the only way that we have of
19 having a record that is available to the Committee that I
20 have to do this. I would must prefer if I had the notes.

21 What does this say? "Dust off" --

22 A "Dust off the unsigned NSDD of 18 months ago",
23 a reference to the National Security Decision Directive
24 that Howard Teicher and others had worked on that had
25 gotten to a certain point and then just went away, and

UNCLASSIFIED

TOP SECRET CODEWORD
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90

1 that this should be revisited.

2 Q And then it says Arnie. Who's Arnie?

3 A Arnie Raphael.

4 Q Made pitch for opening up second compartment
5 to others. What was the second compartment?

6 A The one that I just described, the operational
7 compartment that was going to be a much closer hold
8 concerning operational details, and the State Department
9 wanted into that box, if you will, but the NSC was pretty
10 firm, was pretty firm that that not be done, that it was
11 a political compartment that would have a wider
12 membership but not the operational details.

13 Q The operational details were the people who.
14 were dealing with the Iranians?

15 A Yes, sir. And it was very strictly
16 compartmented within the NSC as well. For example, there
17 were members of the NSC staff that were in that first
18 compartment but not the second.

19 Q In the NSC, as I understand it, people that
20 were in the second compartment were Poindexter, North,
21 you, Coy -- was Coy in it?

22 A Craig Coy was in it, the operational
23 compartment, yes, sir. And Teicher.

24 Q He was in partially because he went to Iran?

25 A Yes, but this is a formalization of that, at

TOP SECRET CODEWORD
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91

1 this point in time, when these two new compartments were
2 being created that didn't heretofore exist, with much
3 wider representation -- State Department, for example,
4 fully into the first compartment when they had not been
5 before.

6 (Pause.)

7 All right. Then on page 33 -- and I still
8 think we're on --

9 Q Before you even get to that page, Colonel, did
10 anyone explain to you why if the objectives of this whole
11 initiative would open the door to Iran the State
12 Department, whose mission it is to deal with diplomacy,
13 wasn't taking the lead as opposed to the NSC?

14 A Well, I don't really quite know how to deal
15 with that question because it never really arose as an
16 issue to me. I felt I understood why the State
17 Department was compartmented out for the most part,
18 except for the Secretary.

19 Q Why did you understand it was being
20 compartmented out?

21 A Because it was an extremely sensitive, close-
22 hold project, a ruthless application of the need to know
23 principle, and that this thing could be and was being
24 done without their participation.

25 Q But, Colonel, you understand that there are

UNCLASSIFIED

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92

1 some things that the State Department does that involve
2 really top secrecy, don't you?

3 A Yes, sir.

4 Q Are you smiling because they leak?

5 A My feeling --

6 Q There's no one here from the State Department.

7 (Laughter.)

8 A Yes. My working hypothesis, my assumption,
9 was that there were many leaks at the State Department
10 and that that was always a concern to other components of
11 the national security bureaucracy -- NSC, Defense
12 Department, CIA.

13 Q I don't intend to get into this with you.

14 A Excuse me just a minute.

15 (Counsel conferring with the witness.)

16 Q I don't intend to get into this with you in
17 the public sessions, and I would be surprised if anyone
18 else did, but here you are. You are a person who has
19 given a lot of thought to government and you have
20 committed your career to government, and are highly
21 educated. You understand how the system is supposed to
22 work and you understand that the State Department is
23 really the department that is supposed to be in charge of
24 foreign policy in the United States under the President.
25 The Secretary of State is confirmed as the chief foreign

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93

1 policy officer under the President. That is fair to say,
2 isn't it?

3 A Yes, sir.

4 Q And the National Security Advisor is not a
5 confirmed officer, correct?

6 A That is true.

7 Q And yet it has to surprise somebody like me,
8 who is not in government, that you have an attitude that
9 the State Department cannot be trusted with handling a
10 major diplomatic initiative and that instead it ought to
11 be entrusted to the National Security Advisor and to the
12 head of one of his unit.

13 And I don't understand that, particularly
14 since they are employing creeps like Ghorbanifar.

15 A Well, I can give you instances, if you want.

16 Q I would just like you to explain it while the
17 Senator is here.

18 A From the task force days, that caused me to
19 have that presumption. I mean, I shared that. I didn't
20 disagree with any suspicions of others in the
21 bureaucracy, the CIA and DOD, that I mentioned. I
22 believed that it was a well-founded concern.

23 Q But what are the implications of it? Is the
24 implication of it really that we end up with a government
25 in which foreign policy would be conducted by an agency

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UNCLASSIFIED
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94

1 headed by someone not confirmed by Congress as opposed to
2 the State Department? I mean, should I draw that
3 conclusion?

4 A I am reticent to get into the conclusions
5 area. I prefer to let others draw the conclusions of
6 that. I think the President is going to get the job done
7 that he wants done with whatever mechanism is appropriate
8 and if there is a likelihood on a sensitive project of
9 leakage, that that channel will be not used, if it can be
10 done in a more secure means.

11 Q But security isn't the only value in
12 government, is it?

13 A No, sir. But it is an important equity.

14 MR. LIMAN: Senator, do you want to ask any
15 questions on this before we continue on?

16 SENATOR RUDMAN: No. I want to recommend for
17 this particular part of the examination, Colonel Earl,
18 because when this is all done and we write a report,
19 although you may not be quoted precisely, it is exactly
20 that kind of question which is really more important than
21 who did what to whom and when, and essentially, if I
22 understand your testimony correctly, it is your view as
23 an active participant in the NSC with high qualifications
24 and extraordinary education that the normal government
25 bureaucracy, in this case the State Department, was to

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95

1 high a risk to implement a sensitive foreign policy
2 initiative.

3 That is your belief, am I correct?

4 THE WITNESS: Yes, sir.

5 SENATOR RUDMAN: Okay, that's worth knowing.

6 BY MR. LIMAN: (Resuming)

7 Q Let's go on.

8 A And, similarly, if I could just gratuitously
9 add one more concern, another branch of the government,
10 if we are to this point, what we were talking about over
11 lunch, that in my judgment of how some of this all
12 occurred and some of the lack of trust, if you will, for
13 a sensitive operation, also relates to the Congress and
14 Committees and the plethora of committees or numbers of
15 people that need to be involved, and led, when I was on
16 the Vice President's task force, to endorsement of the
17 Hyde amendment, I think it is called, that leads to a
18 merger of the House and the Senate Select Committees on
19 Intelligence to reduce the numbers of people involved to
20 try and create more of a sense of trust, so that the
21 Administration would be less inclined to sidestep an
22 organization and to do this honest consultation and trust
23 and dialogue and a sharing role and make it more likely
24 to do that.

25 And when there are so many people involved and

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96

1 it only takes one person not to adhere to the agreement
2 and leak something, that you can sabotage a sensitive
3 initiative like this just because one person doesn't
4 agree with it and therefore takes it upon himself to see
5 that certain information gets out.

6 SENATOR RUDMAN: I thank you for your answer.
7 I think that is exactly right. That is exactly how a lot
8 of people feel, and I would only observe for the purpose
9 of the historical record in this particular case, as bad
10 as some of the leaks have been from the State Department
11 and the Congress I dare say that the Senate and House
12 Intelligence Committees are more reliable than Mr.
13 Ghorbanifar.

14 THE WITNESS: Sir, I would not contest that in
15 the least.

16 SENATOR RUDMAN: I just wanted to add that
17 gratuitously for the record.

18 (Laughter.)

19 THE WITNESS: I guess the only relevant point
20 on that that I would add would be that Ghorbanifar, as
21 totally despicable and distrustworthy as he might have
22 been, was at the time absolutely essentially and a need
23 to know principle was established in that case, that that
24 was the only mechanism the Administration had found to
25 get to the Iranian leadership and deal with them.

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97

1 SENATOR RUDMAN: My response to that, Mr.
2 Earl, is we have put the President of the United States
3 into the position of being blackmailed politically by a
4 despicable foreign person, and I don't think that wise.
5 Well, why don't you go on?

6 BY MR. LIMAN: (Resuming)

7 Q Why don't you continue?

8 A All right. Page 33 -- and I think we're still
9 on 10 November -- there is a section that I think is
10 again dealing to a press query of is the National
11 Security Council out of control. Are they, the NSC,
12 riding roughshod over the State Department, the Defense
13 Department, and other Cabinet secretaries, as being the
14 issue. And then I have, I guess, a two-paragraph answer
15 to that.

16 Q Who prepared that answer?

17 A I may have. It may have been my attempt to
18 construct a straw man for others to consider and possibly
19 use, and so I think I am the author of that.

20 Q Was it used?

21 A I don't know. I don't think so.

22 Q Well, you describe the NSC as having the role
23 of advising the President and that it consults other
24 agencies, depending on the urgency of the matter, and
25 that the ultimate power rests with the President. And

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98

1 you also repeat what you've just said here, that the
2 President needs the authority to limit knowledge in
3 highly classified and sensitive national security issues
4 and that the need to know principle and
5 compartmentalization applies. Right?

6 SENATOR RUDMAN: May I ask counsel a question
7 on the excising?

8 MR. LIMAN: That was done by the White House
9 and not by Colonel Earl. Colonel Earl adds his own
10 excising.

11 (Laughter.)

12 SENATOR RUDMAN: What is the nature of that?
13 What is the standard the White House uses for the
14 deletions?

15 MR. BELNICK: They tell us they use a standard
16 of irrelevant, not involved in the Iran compartment or
17 the contras/Central American matter.

18 BY MR. LIMAN: (Resuming)

19 Q I think it's fair to say, and I could bring it
20 up, Colonel Earl, how much of your time during that, I
21 guess, ten-month period that you were at the NSC were you
22 spending on Iran matters?

23 A That would really be hard for me to judge.

24 Q Half?

25 A I don't think that much. I think less than

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99

1 half. My guess was going to be a quarter.

2 Q And on contra, far less?

3 A Far less, it seems to me.

4 Q It would be fair to say most of your time was
5 diverted to other --

6 A International terrorism.

7 Q International terrorism projects?

8 A Yes, sir.

9 Q And you made notes on those matters from time
10 to time?

11 A Oh, yes, sir.

12 Q And they have tried to excise those?

13 MR. KIRK: If we could go off the record a
14 second.

15 (A discussion was held off the record.)

16 MR. LIMAN: Back on the record.

17 EXAMINATION ON BEHALF OF THE HOUSE COMMITTEE

18 BY MR. LEON:

19 Q Let me ask one question with regard to the
20 size of the compartments. Was there a strict limitation
21 on the size of the compartment with regard to this Iran
22 initiative, in your view, due in part to the hostage
23 link, as it was part of the whole initiative, and the
24 release of the hostages?

25 A Oh, yes, very much so. That was always a

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UNCLASSIFIED
TOP SECRET CODEWORD

100

1 concern, that some of this information would become
2 public, that the people who would pay for it would be the
3 hostages, with their lives.

4 Q So it wasn't viewed as just a unique foreign
5 policy initiative per se, but also a hostage release-
6 related initiative which, because of that sensitivity,
7 demanded extraordinary limitations?

8 A Yes, sir.

9 BY MR. LIMAN: (Resuming)

10 Q Who had the power to admit people to the
11 compartment?

12 A I don't think that was ever formally
13 discussed. My assumption would be that Admiral
14 Poindexter would.

15 Q Did Colonel North?

16 A The way I would phrase it for Colonel North
17 would be that he would probably go to Admiral Poindexter
18 to ask for someone to be brought in, but if he were
19 presented with a situation, such as he was in Geneva and
20 somebody needed to be brought in --

21 Q He could use his judgment?

22 A He could use his judgment and do it, and then
23 back-brief the Admiral.

24 MR. LIMAN: Let's go off the record.

25 (A discussion was held off the record.)

UNCLASSIFIED
TOP SECRET CODEWORD

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101

BY MR. LIMAN: (Resuming)

Q Go ahead.

A On page 38 --- and this appears to be 12 November -- there is a reference that at no time have we violated any proscription against making concessions to terrorists or aiding one side in the Iran-Iraq war, which seems to me to be somebody's phrasing of some input to the chronology. But I'm not sure whose right now.

And then at the bottom of that page -- and we're now on 13 November, still at page 38 -- there are three points that I am not able to relate. I think they relate to the chronology in some way, but I can't relate them in some way or any way right now.

Q One says "more details". That's number one. Two, "Israeli action. No comment. Back it up. Three: assumption that everything is going on on Goode's level." That's a strange one, that you would use the code name for Oliver North and you don't know what this refers to.

A No, sir. I am drawing a blank right now.

Q It looks like somebody was upset that they seemed to be heaping everything on to North and that whatever this was commenting on was suggesting that it was all North and no one above him. But you don't remember it?

A I don't remember, and I am struck by the

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TOP SECRET / COLENOVRO
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102

1 strangeness of Goode, as you, that if this is an internal
2 Washington bureaucratic discussion it wouldn't have been
3 the term "Goode" that was used, and so it seems to be
4 relating in some way to operational matters and dealing
5 with the channel that the word "Goode" has been used. So
6 it is just not tracking.

7 On page 39 --

8 Q Will you promise me you won't use the word
9 "tracking" in your testimony, because then I will have to
10 get an explanation of it.

11 (Laughter.)

12 And I want you on and off the stand.

13 A On page 39, there is a reference which I think
14 again applies in some way as guidance to the chronology,
15 and it repeats, I think, other references to as little
16 operational detail as possible, and I think that occurred
17 elsewhere. And then there's a phrase, "constructive
18 ambiguity".

19 Q That's a terrific phrase.

20 (Laughter.)

21 A It sure is^S, and it's ambiguous to me.

22 (Laughter.)

23 Q Now who --

24 A Wait a minute. Let me read the rest of it.

25 Let me just read the rest of it. It appears to be part

TOP SECRET / COLENOVRO
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103

1 of it, and continuing on it says: no comment or denial on
2 operational details for at least some of the guidance,
3 that the paper, the version, the chronology, should have
4 its strengthen the Presidential strategic objectives and
5 the point that the Israelis concur in the importance of
6 this initiative.

7 And then there is a reference to Shamir/Peres,
8 with an arrow that suggested that Shamir had denied arms
9 to Iran, and I am not able to -- that doesn't trigger a
10 memory and I am not sure what that means.

11 Nir -- and this one triggers a memory -- so
12 this must be coming from Nir, perhaps, or some of it,
13 because the next line reminds me that Nir had asked for a
14 call from Colonel North after the President's speech so
15 that in this time frame we knew that the President was
16 going to go on TV -- this was 13 November; I don't recall
17 the date of the speech.

18 Q It was that day.

19 A And so Nir was calling up and asking if
20 Colonel North would be able to give him a call after the
21 speech so that they could talk about it, and that he,
22 Nir, had a 1:00 p.m. local Israeli time on Friday meeting
23 with Shamir to discuss the whole Iran thing, and the
24 speech as well, I guess, and that was going to be at 6:00
25 p.m., Eastern Standard Time.

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104

1 Q Were you trying to coordinate with the
2 Israelis the public statements that were being made?

3 A Well, coordinate with the Israelis the
4 statements is perhaps a little strong. They were key
5 players in the whole Iran initiative and, as I have
6 already mentioned, they were recommending, with apparent
7 unanimity from the Israeli side, the what I call Phase I
8 of no comment as much as possible.

9 But the extent to which it went any further
10 than that and started vetting statements, I don't think
11 so, but I don't know.

12 Q Well, it would have been important for the
13 Administration to know what the Israelis were going to
14 say and the Israelis to know what the Administration was
15 going to say, right, and isn't that what Nir was trying
16 to find out?

17 A Yes. You just triggered a memory that I think
18 at one point Nir was giving us, he was explaining what
19 the position was going to be of the Israeli government in
20 advance.

21 Q And were you giving him what our position was
22 too?

23 A Well, I'm still reluctant to go that far.
24 Possibly. I don't recall any. Maybe Colonel North was
25 talking in more detail to Nir, but I can only talk to

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105

1 what I just did, that it was more of a generalized
2 sharing and not a specific, that I don't know of any
3 instances where we told them of what we were going to say
4 in the way I have just recalled, that at least on one
5 occasion they alerted us to what their position was going
6 to be.

7 Q My recollection is that General Secord
8 described the Israelis as joint venturers in the Iran
9 initiative. Is that the way it was described to you from
10 time to time?

11 A Well, I would characterize it as that the
12 Israelis were key players, if you will, on the Iran
13 operation and very instrumental and necessary in certain
14 portions of it, but as far as being worked, you just
15 said, joint venturers, I wouldn't go quite that far
16 because I would caveat it with the observation that all
17 of the players from the U.S. side were, it seemed to me,
18 acutely conscious of the fact that the Israeli objectives
19 didn't necessarily coincide with U.S. objectives in many
20 areas and that we had a confluence of interest in certain
21 parts of this but not necessarily in all.

22 So that we were always conscious of what we
23 would share with the Israelis and what we wouldn't, and
24 that, for example, intelligence coming in would be vetted
25 within the U.S. community first and not necessarily

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106

1 shared with the Israelis, that everyone I thought was
2 suitably cautious that we couldn't just share everything
3 with the Israelis.

4 Q Now on the same page you listed amounts that
5 were paid for different shipments that were made to Iran,
6 and the figures there are the amounts that were paid to
7 either the CIA or the DOD; am I correct?

8 A That is correct.

9 Q It did not list what they were sold by Lake to
10 the Iranians for, correct?

11 A Correct. That triggers a memory that this
12 amount was used in the chronology. I don't think it was
13 used in either the Director's testimony or Admiral
14 Poindexter's testimony, and it was given in a classified
15 briefing to the Committees, and that the figure
16 immediately was printed in the newspaper, that one of the
17 recipients of that classified briefing had briefed the
18 press and divulged that figure.

19 I think the reference that I heard coming from
20 Legislative Affairs was even before the briefing was
21 completed.

22 Q And you don't know where that leak came from?

23 A I --

24 Q I mean normally if it is before the briefing
25 is completed it is pretty hard for somebody to get out of

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107

1 one of those rooms that they hold the Intelligence
2 Committee meetings in.

3 A Can I go off the record?

4 MR. LIMAN: Yes.

5 (A discussion was held off the record.)

6 BY MR. LIMAN: (Resuming)

7 Q Let's go back on the record.

8 Go ahead.

9 A On page 40 there's a very cryptic couple of
10 words that I think may be guidance on the chronology but
11 I can't place them. They say "things, names of; names of
12 third countries; dates and what", and that's not much
13 help.

14 Q Did you know at this time, in November, the
15 names of any countries that had contributed to the
16 support of the contras?

17 A I don't know. My knowledge of [REDACTED] money on
18 that, I'm not sure whether that's all after the fact or
19 whether I had had some reference to that before. I don't
20 know.

21 (Pause.)

22 Q Do you have something else?

23 A Not yet.

24 (Pause.)

25 A reference on page 41 to U.S. "contacts with

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108

1 blank, no criticism, no details" triggers a memory that
2 at that point I believe we had the secure communications
3 devices for talking to the second channel and that we
4 were engaged in discussions with them, well, about the
5 channel and the future relationship, and this was a part
6 of that, and how press reports in the U.S. were being
7 perceived by the Iranian side and what they were
8 intending to do about it and what they were saying and so
9 forth.

10 There was some discussion of that in the
11 channel.

12 Q Colonel Earl, do you remember any discussion
13 about the fact that it was important to try to have a
14 successful conclusion of a deal with the second channel
15 which would result in the release of hostages as a way of
16 quieting down this furor?

17 A Well, again no, I wouldn't say it as
18 explicitly as you've done there. But let me say --

19 Q Well, one of the people who did say it as
20 explicitly as I have is Bud McFarlane in the note to
21 Poindexter. I don't know whether you saw that, but it is
22 an exhibit in our proceedings.

23 A Well, let me tell you what was in, I believe,
24 in everybody's minds within the channel, which was that a
25 lot has been invested in developing this relationship and

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109

1 particularly with the second channel, that we were
2 finally getting through directly to some very senior
3 elements within the Iranian government, and that because
4 of the furor in the press associated with this that one
5 way to establish the value of the channel, if it came to
6 fruition and hostages were to be released, that that
7 clearly was some of the best proof of the value of the
8 channels.

9 Q And who was discussing that with you?

10 A Well, everybody was aware of that, it seems to
11 me.

12 Q Was it discussed at the staff meeting?

13 A The staff meeting?

14 Q The one that Admiral Poindexter chairs, or his
15 deputy.

16 A The ODSM?

17 Q Right.

18 A No. Again, the question in that form strikes
19 me as foreign because that policy or operational matters
20 on the Iran compartment would strike me as being out of
21 bounds for the ODSM, that you had a bunch of people that
22 weren't in the compartment and that is not something you
23 would talk about here.

24 Our discussions of Iran there were strictly
25 generated by the public affairs people, who were trying

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110

1 to get comment on articles, and so we would necessarily
2 have to talk about certain parts of it.

3 Then on page 42, on the 14th of November,
4 there's a reference to a listing of communist countries
5 who together represent the principal arms suppliers to
6 Iran, and that list includes [REDACTED] which as I recall was
7 the one who sent the most in terms of dollar value and
8 quantity of weapons [REDACTED]

9 [REDACTED] had all shipped arms to Iran.

10 There is a reference to the Tanenburg Syndrome
11 in 1917. What that was was the argument that it was
12 possible that the Soviets were goading both sides into a
13 final death struggle or Armageddon that would lead to a
14 vacuum in the region that the Soviets could rush into,
15 that both sides would exhaust themselves and they would
16 capitalize on that chaos. Yes, here it is -- goaded into
17 a final decisive offensive of a future disaster which
18 could trip a new revolution and that on the credit side
19 of the ledger there was the argument that we, that those
20 in the compartment felt that they had succeeded in
21 delaying this final offensive that the intelligence
22 community had been prophesying for months.

23 You would read in the daily intelligence
24 reports they are ready to go, it could come at any time
25 now, the last preparation is in place, and this would go

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111

1 on for months, but it was clear that Iran was laying
2 groundwork for this so-called final offensive against
3 Iraq and that one of the things that was being done in
4 the channel was to try and dissuade the Iranians from
5 doing this and to negotiate a settlement and not have
6 this final offensive.

7 So that there was a certain amount of credit
8 for what we had been able to accomplish on that.

9 Then, on page 43, there's a note coming from
10 Nir of their -- the Israeli -- assessment of what is
11 going on in Iran and how they are reacting to all of
12 this, the two different groups in Iran and how they were
13 competing and that there had apparently been a temporary
14 ceasefire arranged, if you will, between these two groups
15 and that there was some kind of temporary understanding
16 or agreement between the two factions in that it was felt
17 that this factional dispute is what precipitated the
18 initial leak and was a power play between factions, and
19 that finally the two sides had worked out their
20 differences and that the bottom line is that the dialogue
21 on all issues from the Iranian side was going to
22 continue.

23 Q Let's continue.

24 A Nir says he doesn't know whether that's true,
25 all of that analysis, but that is what is coming out from

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112

1 Iran. And he refers to some arrests that have been
2 initiated by a particular Iranian leader that were
3 evidence of that. And then some recommendations from Nir
4 on how to proceed tactically in discussions with the
5 Iranians on this specific issue of continuing the
6 dialogue and specifically getting back more hostages
7 while the issue was, while they were vulnerable to some
8 pressure on this.

9 (Pause.)

10 And the on pages 46 and 47, which is the 17th
11 of November, there are a couple of notes that are
12 intended as input into the chronology.

13 Q What are they?

14 A For example, there is a reference to previous
15 meetings with Iranians in history going back to September
16 '79, and a meeting between an American official and an
17 Iranian government official, and then another one in
18 October with yet a different U.S. official in the State
19 Department.

20 Oh, and then at the bottom of page 47 there is
21 just a laundry list of dates and countries, and this was
22 my attempt to go back into the travel order files and dig
23 out the date that Colonel North had been on travel and
24 having meetings on the Iranian initiative and trying to
25 make them input into the chronology.

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113

On page 48 -- and I think we're on the same date -- there is a reference to, that both I guess it's Deputy Assistant Secretary Murphy at State Department and Rich Armitage at DOD, needed copies of Admiral Poindexter's testimony in order to prepare themselves for questions and to get in sync with the Administration on the whole Iran policy. This was a request, I think, that came from Armitage that they wanted to be able to support.

BY MR. LEON: (Resuming)

Q Who was the guy at State?

A Murphy from Near East.

BY MR. LIMAN: (Resuming)

Q Go ahead.

A Page 49 is four points that seem to be related to the Iranian initiative and perhaps the chronology. It is listed under [REDACTED] letter, but I'm drawing a blank on who [REDACTED] is, but it deals with Iranian factions, Iranian role in international terrorism, an evaluation of U.S.-Iran contacts, and then the benefits derived from the strategic relationship.

MR. KIRK: Could we take a break for a minute?

MR. LIMAN: Sure.

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

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114

1 Q Why don't we go ahead?

2 A Okay. We're on page 50, on 20 November.

3 There's a reference to [REDACTED] which the name
4 doesn't mean anything to me right now, but under that it
5 talks about a proprietary flight with some bad problems
6 that Colonel North himself had asked for it, I guess --
7 and this may be involved with that flight that we were
8 talking about, but I'm not positive, that there had been
9 a McMahon-Casey argument.

10 Q That is correct.

11 A That it was okay to help this one time, but
12 thereafter we would need a Finding. That seems to me to
13 refer to the 1985.

14 Q That is the November 1985 flight. Who are you
15 recording and what do you remember about that? Well, let
16 me see if I can refresh you on that.

17 There was an effort at various times to
18 portray this flight --

19 A This may be coming from [REDACTED]

20 Q [REDACTED] is who?

21 A I'm not sure who he is. He may be CIA.

22 Q Because there was an attempt to portray this
23 shipment as oil-drilling equipment and in fact the CIA
24 did ask for a Finding right after that flight. Does that
25 ring a bell?

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115

1 MR. LEON: There was a difference of opinion
2 between Casey.

3 BY MR. LIMAN: (Resuming)

4 Q Does that ring any bell? Were you told?

5 A (Nods in the negative.)

6 Q And the witness has indicated no. Were you
7 told that the State Department had taken issue with the
8 proposed testimony that was going to be given by Casey
9 because Casey did not -- because Casey indicated that the
10 CIA had no information of that flight, that that flight
11 contained missiles?

12 A No, sir.

13 Q You don't remember a dispute taking place at
14 or about that time?

15 A No. I was aware that there was a problem,
16 maybe a controversy, but beyond that I don't know the
17 specifics of it.

18 Q Colonel, we live in a country in which the
19 word "coverup" entered our vocabulary really at a time of
20 Watergate and everyone since then has been concerned
21 about participating in a coverup, correct? I mean,
22 coverup is something that people are conscious of.

23 A Yes, sir.

24 Q And it must have been something that you were
25 conscious of at this time at the NSC as to whether you

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116

1 would be accused of engaging in a coverup.

2 A No, sir. I don't think I even focused on it
3 then, and one thing that I remember that is relevant,
4 when that term first arose in the press -- I think I'm
5 talking December now -- that I remember my reaction to
6 it.

7 Q Which was we didn't?

8 A Exactly, that I took exception to the
9 characterization of the press that this was a coverup, a
10 la Watergate, that that struck me as not what we were
11 engaged in.

12 Q Well, that is what I want to press you on.
13 Was there any discussion at the time that if the
14 chronology did not put out all of the facts, such as that
15 November shipment and what the President's role was, that
16 you would be following into the Watergate trap of
17 coverup?

18 A Repeat the question again. Was there any
19 discussion of that?

20 Q Yes.

21 A No, sir.

22 Q All right. Why don't we go on?

23 A And the same note, it says that Secord had
24 hired a CIA proprietary for the flight from Tel Aviv to
25 Europe to Tehran.

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117

1 Q That's the November '85 flight.

2 A I don't think we need anything else on that
3 page.

4 Then on page 51 there's a message from the
5 Iranian second channel that I can go into if you want to
6 or not -- the lower half of that page -- and eight-point
7 message, and there's an earlier reference on the same
8 page to an eight-point message, and these are the eight
9 points.

10 Q And point five there says that if Casey talks
11 avoid operational detail. Is that from the Iranians?

12 A This is the Iranian suggestion, if you will.

13 Q They didn't want their cover blown?

14 A Yes, sir.

15 Q Let's go on.

16 MR. LEON: Take a look at number three. Who
17 is Sam?

18 THE WITNESS: Sam is George Cave.

19 BY MR. LIMAN: (Resuming)

20 Q It says Sam should help you, with what?

21 A Sam should help North because he was
22 overwhelmed at that time. Point seven, which talks about
23 to inform the Iranians in advance of adverse press,
24 reminded me that they had no appreciation of how the
25 press works in our country, unlike theirs.

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118

1 (Pause.)

2 Then, on page 53 -- and we're on the 19th of
3 November. --

4 MR. LEON: Could we go off the record a
5 second?

6 (A discussion was held off the record.)

7 MR. LIMAN: Back on the record.

8 THE WITNESS: This is on the 20th. This seems
9 to be a message from Paul Thompson and I'm not
10 remembering the event or what it means. It has point
11 number one, excising arms export/control, and point
12 number two, one to two-page chronology, and then a
13 listing of a bunch of things. The first thing would be
14 the Special National Intelligence Estimate in the fall of
15 1985 that had been requested by McFarlane as something
16 that should be referred to in the chronology, and then
17 the draft NSDD being circulated in June, the McFarlane-
18 Kimche meeting, and the Israeli shipment.

19 This suggests to me that these are comments
20 that either Paul had on a version of the chronology or
21 that he was relaying comments from Poindexter about the
22 chronology.

23 BY MR. LIMAN: (Resuming)

24 Q You don't remember which?

25 A It is in some way input to the chronology

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119

1 process.

2 Q Were you editing the chronology at this point?

3 A I would -- my involvement would be
4 intermittent. On occasion I would be in there and I
5 would try to help by proofreading and reading pages.

6 Q Who was actually --

7 A The drafter and editor of -- the editor was
8 Colonel North.

9 (Pause.)

10 Then, on page 55 there's another four-point
11 message from the Iranian side, which you may or may not
12 want to go into.

13 Q It says "we want meeting with Bush and an
14 Iranian official, end war." What is that about?

15 A The meeting would be relevant to ending the
16 Iran-Iraq war.

17 Q "We anxiously await hearing the speech. Tank
18 and ~~some other things~~" Those were things
19 they were to deliver -- the tank being a T-72 tank -- and
20 ~~And then we~~
21 need to meet as soon as possible, and a reference to a
22 1972 project.

23 A That's T-72.

24 Q And then you had another message. Is that
25 from them, too?

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120

1 A I think this is the Iranian reaction after the
2 President's speech, which was when?

3 MR. BELNICK: The 13th. He had a press
4 conference, though, on the 19th.

5 THE WITNESS: This would have been the press
6 conference.

7 BY MR. LIMAN: (Resuming)

8 Q And the Iranians, you recorded the President's
9 speech was well received. The talk of moderates and of
10 Israelis was not well received. Two: we have never
11 given any specifics about buying and selling of arms.
12 Washington is responsible for the difficulties. We would
13 discuss the subject of the T-72 later. And he hopes that
14 the guys in the White House are keeping things under
15 control. There's a man with a sense of humor.

16 Were there other items, too?

17 A Yes, and I can go through them real quickly,
18 if you want me to. They ask for news about the Kuwaiti
19 17 and that they had taken several steps, but I don't
20 know what those steps were in regard to that.

21 Q The Kuwaiti 17 are the current equivalent of
22 the Chicago Seven?

23 A Yes, very similar, and again a reiteration of
24 no discussion of the T-72. We will talk about that
25 later. The reason for not holding a meeting right now is

UNCLASSIFIED

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121

1 lack of progress. You must act on your promises. They
2 are trying to shift the burden, get the ball back in our
3 park.

4 And then the last one is what I had, the other
5 one that had caused me to remember, but this is the
6 specific reference, "You must tell the editors of the
7 press that they should write less about Iran because the
8 press is read in Tehran and that isn't good. It makes
9 the road tougher." That was the verbatim quote from the
10 Iranians.

11 Q Who was given that task?

12 (Laughter.)

13 (A discussion was held off the record.)

14 BY MR. LIMAN: (Resuming)

15 Q There's a reference there to foreign files.

16 What is that all about?

17 A I don't know. It could be trying to find the
18 September --

19 Q September-October intelligence. Okay.

20 A Okay. Page 59 -- and this is kind of where we
21 started several hours ago -- and I think this is feedback
22 from the briefing now, that to this point we have given
23 the briefing to the various committees and the feedback
24 that I am getting from I'm not sure who -- Legislative
25 Affairs, I think -- who sat in on the briefings. But I'm

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122

1 not positive of that, that they were basically in total
2 six hours of briefings, that the consensus was that the
3 whole initiative was amateurish and stupid, and turf wars
4 or competition was fully half of the problem.

5 And then the November shipment was of concern,
6 and the circle. Why didn't we blow the whistle on the
7 Israelis was a question that the Congress had. The
8 proprietary flight with the oil rig parts, did you know
9 what was in it was the question. No was the answer.

10 Something about [REDACTED] I'm not sure
11 what that means. Maybe -- well, I'm not sure. It is in
12 some way a reference to one of the benefits that we
13 thought we were going to get [REDACTED]

14 [REDACTED]
15 [REDACTED]
16 Central America. Do you, Director of Central
17 Intelligence -- no, I didn't get that. Let's see. Oh,
18 the Secretary of Defense had never seen the Finding was
19 raised at the briefing, that the DCI had said that we've
20 heard that General Secord has been involved in arms deals
21 in the area in response to a question from, I think,
22 Senator Eagleton. He is a worldwide arms dealer with
23 links to the Israelis or something like that.

24 All right. And then we went on to yet another
25 press story that was breaking, which we can or cannot go

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123

1 into, if you want. We are now past the chronology, but
2 now I know what I am looking for.

3 MR. LEON: Are you talking about the middle
4 portion there?

5 THE WITNESS: Yes, the press story that was
6 breaking.

7 BY MR. LIMAN: (Resuming)

8 Q Now we are on what day? This must be Friday,
9 the 21st.

10 A The last entry is 20th. I don't know when we
11 transition to 21st.

12 Q Look at the last entry. It says "AG". That
13 stands for Attorney General?

14 A Yes.

15 Q "Review of paper trail -- systems memos,
16 chronology, June '85 begin", with a question mark,
17 "Charles Cooper, Assistant Attorney General." What does
18 that refer to?

19 A I think this is a note that I made in having
20 heard from -- well, I'm not sure whether it was from
21 North or from Paul Thompson, but one of my indications
22 that day that there was going to be a review of some of
23 the paperwork associated with the Iran thing by somebody
24 from the Attorney General's office because of
25 discrepancies in the testimony, and that it had raised

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ON 08-12-2000 BY SP-6 BJS/STP

124

1 more questions than it had answered and general
2 dissatisfaction with the way the briefings had gone.

3 Q Did you hear this first from North or
4 Thompson?

5 A I think I heard it first from Colonel North.

6 Q And was that when you --

7 A But I'm not sure whether this note is from
8 that or from a later hearing.

9 Q And was that when Colonel North returned from
10 the West Wing of the White House?

11 A Yes, it was.

12 Q And that is the conversation that you
13 testified to?

14 A Yes.

15 Q And are you able to place that in time? Was
16 it the morning?

17 A I think the afternoon, but I'm not positive of
18 that. If that is -- what day are we on? Friday, which
19 is what date?

20 MR. BELNICK: November 21, '86.

21 THE WITNESS: My recollection, but I'm not
22 sure whether it's from looking at when the briefings
23 were, from other notes and stuff, but if the briefings
24 were held that morning, then it seems that it had to be
25 in the afternoon, that there had to be feedback from the

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ON 08-12-2000 BY SP-6 BJS/STP

UNCLASSIFIED

125

1 briefings, that there had to be time for the principals
2 to meet after the meeting and that Poindexter would have
3 been one of the people at that meeting that Colonel North
4 went to and that he was involved on and running and
5 delivering his briefing.

6 So that it has to be in the afternoon, it
7 seems to me, but I'm using logic now, and I'm not saying
8 that I recall, that I know it was in the afternoon. I
9 don't see how it could be otherwise than the afternoon.

10 BY MR. LIMAN: (Resuming)

11 Q Do you recall whether North told you who was
12 at the meeting at the West Wing that he attended?

13 A No, sir. The only specific name that flowed
14 from that conversation in any way was a reference to the
15 Attorney General having talked to him, I think at the end
16 of the briefing.

17 Q The Attorney General having talked to North at
18 the end of the meeting?

19 A Well, Colonel North having talked to the
20 Attorney General and having asked for the reference to
21 the time.

22 Q And so North told you that his conversation
23 was directly with the Attorney General about the
24 inspection of the records?

25 A He said that I asked the Attorney General, or

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126

1 I asked Ed, or whatever, yes, that he said he had talked
2 to the Attorney General.

3 Q And what did he say, as you recall?

4 A He said -- he told me, Colonel North told me
5 that he had asked the Attorney General if he could have,
6 I think, 48 hours, but it may have been 24 hours -- I'm
7 not sure which of the two -- but asked for whether he
8 could have 48 hours before this would happen.

9 Q The inspection?

10 A Yes. And that the Attorney General had
11 replied that he didn't know whether he could have that
12 much time, something like that. That is not a quote.

13 Q That's the substance?

14 A That is the gist of it, yes, the substance.

15 MR. BELNICK: Can I ask did North tell you on
16 that day that he had met at Michael Ledeen's home earlier
17 that morning?

18 THE WITNESS: No, I don't think so.

19 MR. BELNICK: Did he ever tell you that, about
20 a meeting that he had at Ledeen's house early Friday
21 morning or any meeting with Bud McFarlane earlier that
22 day?

23 THE WITNESS: No, I don't think that either.
24 I think all of my knowledge of that has come out in
25 testimony before your Committee.

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127

1 BY MR. LIMAN: (Resuming)

2 Q Do you know why -- and I'm asking you to
3 speculate -- but why, what occasioned North to tell you
4 what the Attorney General had said to him? Or was it
5 immediately after that that you began the shredding?

6 A Well, as I talked to earlier, from the whole
7 situation in which it transpired, the first thing that
8 happened was I was told to bring in my Iran file, which
9 is my duplicate file.

10 Q Right, which is right after when he came back
11 and told you about --

12 A Right, and I don't remember whether he called
13 me in or came and told me that or I happened to be
14 downstairs when he came blowing into the office. And so
15 I went back up, got it, came down, delivered it to him,
16 and the circumstances under which I handed it to him and
17 what he was doing at the time led me to believe that
18 there was Phase III, what I call Phase III, that there
19 was a sanitization, end of project, and all of that
20 conversation was in that circumstance.

21 Q It was in that circumstance that he told you?

22 A Yes.

23 Q And did he ask you to stay late?

24 A No, he did not.

25 Q And did he ask you to come in that morning to

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128

1 let the AG people in, or the next morning?

2 A I think I relayed to him the Paul Thompson
3 phone call that we would have to be available, on call,
4 and he acknowledged that. And I'm not sure if --

5 Q You agreed that one or the other of you would
6 be there?

7 A I'm not sure how we resolved that. I probably
8 said I intended to be home all weekend and so offered
9 myself up as, I think, he said he would be. And I don't
10 recall how we resolved it, but I know it was covered. We
11 knew that it would be, somehow the office would get
12 opened by one of us -- or by Craig Coy, even.

13 Q You have been asked by us before and you've
14 obviously been asked this by the Independent Counsel any
15 number of times, but am I correct you did not know that
16 Fawn was altering documents for Colonel North?

17 A That is correct. I did not know that.

18 MR. BELNICK: What documents did Thompson tell
19 you to get ready for the Attorney General?

20 THE WITNESS: Well, that is what I'm not sure.
21 This reference that we were just talking about may be
22 from Paul Thompson, that he is talking about System memos
23 and the chronology as being two specific items. It was
24 not really clear, but this was the beginning of some
25 guidance on that.

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129

1 MR. LEON: Would it be he is telling you that
2 Cooper would be the person coming?

3 THE WITNESS: Well, it didn't turn out that
4 way, so he could have said that and been wrong, or he may
5 have been telling me that this is who he had received the
6 call from. I don't know. I'm speculating what it means.

7 BY MR. LIMAN: (Resuming)

8 Q Go on.

9 A I've lost the bubble on what I'm looking for
10 now. I have been looking for chronology. We're past the
11 chronology. .

12 Q Let me mark as the next exhibit a document
13 that was found at the NSC.

14 (The document referred to was
15 marked Earl Exhibit Number 6
16 for identification.)

17 MR. BELNICK: The document, Earl 6, is ^NM-10965
18 through ^NM-10969.

19 BY MR. LIMAN: (Resuming)

20 Q Do you know what that is?

21 A No, sir. I don't think I've ever seen this
22 before.

23 MR. LEON: Do you recognize the handwriting?

24 THE WITNESS: Counsel just asked me that. I
25 don't know whose handwriting it is. It doesn't strike me

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130

1 as a southpaw's handwriting. Usually southpaws go that
2 way. Colonel North was a southpaw, but it may be -- I
3 don't know.

4 MR. BELNICK: Do you know ^{Jock}~~Jacques~~ Sharfen?

5 THE WITNESS: I don't know whether I've ever
6 seen ^{Jock}~~Jacques~~ Sharfen's handwriting.

7 Let me give you one memory seeing ^{Jock}~~Jacques~~
8 Sharfen's name on here triggers, and that is that a brief
9 memo of a couple or three pages that he had prepared,
10 ^{Jock}~~Jacques~~ Sharfen had prepared, for Colonel North, which
11 was a briefing, a legal briefings on -- I forget which
12 one now -- the Neutrality Act, I think it was the
13 Neutrality Act, and the applicability of it to certain.
14 things like the C-123 that was shot down in Nicaragua.

15 BY MR. LIMAN: (Resuming)

16 Q Just a few other things that I want to do very
17 quickly with you. The next note in your book after we
18 stopped at page 60 has "AG-Brad". Are these notes that
19 you made when you were at the office?

20 A I'm not positive, but I think it is.

21 Q This is what he was asking for?

22 A That is just what I was about to say, but let
23 me be sure.

24 (Pause.)

25 I think so. I think at the beginning of the

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131

1 meeting when Paul Thompson brought them over and Brad
2 laid out these are the sorts of things we are looking for
3 or asking about.

4 Q Now, several pages later, at page 62, you are
5 back to doing the arithmetic on how much the government
6 received from selling the TOWs and the HAWK parts and so
7 on. What was that all about?

8 A I need to see the pages to get the main
9 context. All right. What date are we on?

10 Q The same, the 23rd or so.

11 MR. BELNICK: The 23rd is a Sunday.

12 MR. LIMAN: It may be the 22nd.

13 THE WITNESS: As I recall, I'm getting these
14 figures from the CIA and it is to nail down the accuracy
15 of data that we have been putting in the chronology and
16 releasing to the Congress, and getting more detail to
17 make absolutely sure of the facts, because there was the
18 controversy that I talked about of the \$12 million, when
19 the Congressmen had talked to the press and said \$12
20 million. And then there began to be questions and so
21 there was a reiteration to ensure that that was correct
22 and whether all of these things could fit in one
23 airplane, as they were alleged to have been capable of
24 doing.

25 BY MR. LIMAN: (Resuming)

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132

1 Q Now then you seem to have on page 64, on
2 November 24, some notes on a meeting with Shultz and the
3 President, Cave; Bush, Weinberger, Donald Regan,
4 Poindexter, in which you are quoting them or paraphrasing
5 them. Were you at that meeting?

6 A No, I was not.

7 Q So who reported to you on this?

8 A I think -- and let me just make sure -- this
9 is a debrief of the meeting at which the NSPG or the NSC,
10 whichever meeting it was, principals had met, and that is
11 my back-brief from George Cave, who went to the first 20
12 minutes of the meeting, gave a briefing on the whole
13 Iranian situation as a key participant and knowledgeable
14 about Iran, and then answered certain questions of the
15 principals.

16 Q Why was he giving you a debrief?

17 A That was just a general *modus operandi*. We
18 did that. We back-briefed each other on what was going
19 on. He knew we were the key points of contact on this
20 project. He had sat in on the meeting, so he was back-
21 briefing.

22 Q And was it on Monday, which is the 24th, that
23 North showed you the diversion memo and told you that he
24 had missed it?

25 A No. He didn't say that he had missed it. He

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133

1 showed me the memo, that is correct, which is already one
2 of my exhibits, that memo that has a paragraph that
3 refers to it.

4 Q And he told you the Attorney General had
5 confronted him with it?

6 A Yes.

7 Q And he told you that he had asked the Attorney
8 General whether it could be used against him since he
9 hadn't been warned of his rights?

10 A Yes -- did it count.

11 Q "Did it count" were his words?

12 A Yes.

13 Q And then you have a note on the Arms Export
14 Control Act and Boland at page 67, and somebody at that
15 point raised questions about that. Do you know why you
16 put it in your notes?

17 A No, sir. And that whole entry concerns Iran
18 in some way, but I don't know specifically.

19 Q Then, on November 25, which is Tuesday, it
20 says "resignation". Is that Ollie's resignation or
21 Poindexter's that you are talking about there? It's
22 Ollie's isn't it, because then it lists all of the calls
23 of support that he is getting in the office after he --

24 A Well, the calls of support pertain to Ollie.
25 That may refer to either -- it is referring to just the

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134

1 general time frame.

2 Q Am I correct that Ollie told you that he was
3 going to resign and showed you the resignation that he
4 had?

5 A He said he had sent a PROFs note to
6 Poindexter. I'm not sure whether he showed me the PROFs
7 note or not. He may have.

8 Q And it was at --

9 A But he certainly told me he had sent one by
10 PROFs note.

11 Q And it was at the President's -- or at the
12 press conference of the Attorney General at which you
13 learned that they had dismissed him as opposed to
14 accepting the resignation?

15 A That was the first knowledge that that is the
16 way it was going to be done, yes.

17 Q And in that conversation that took place on
18 the stairs, was North trying to explain to you why it was
19 that he had been fired as opposed to resigned? Was he
20 trying to defend himself?

21 A I don't know what the purpose of saying that
22 was. I interpreted that he was candidly confiding in me
23 something that had happened that was significant.

24 Q And what was significant?

25 A That what the President had said to him,

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135

1 according to Colonel North.

2 Q And what was significant about what the
3 President had said to him?

4 A That the President had said something about
5 that it was important that he not know or that they tell
6 me that. It is important that I not know, or something
7 like that.

8 Q And the thing that, as I understand your prior
9 testimony here and what I've heard of what you've said to
10 the Independent Counsel, is that what it was important
11 that you not know -- it was important that he not know
12 was the diversion?

13 A That is the way I interpreted it, that the
14 "it" referred to was the diversion of contra funds.

15 Q And that the implication that was conveyed to
16 you was that the President could not acknowledge that he
17 knew of that; correct?

18 A That is the interpretation that I made.

19 Q Well, isn't that what North was trying to
20 convey to you?

21 A You will have to ask him that. I don't know
22 what he was trying to convey to me. I can only tell you
23 how I interpreted the man.

24 Q And it made enough of an impression on you
25 that while there are lots of things that you cannot

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136

1 remember without looking at your notes, that's one that
2 is indelibly in your memory?

3 A Well, not indelibly in the sense that I
4 couldn't remember the quote verbatim, but the event and
5 the thrust of the comment are something that I recall.

6 Q And you did not put that in your book?

7 A No, sir. There was no reason to.

8 Q So there is no record of this; am I correct?

9 A Not that I'm aware of.

10 Q It is just your memory of it?

11 A That is correct.

12 MR. LEON: Was Craig Coy there?

13 THE WITNESS: My recollection is that he was.

14 BY MR. LIMAN: (Resuming)

15 Q Now was Craig Coy in a position to hear it?

16 A I have been asked that before, too, and I
17 think he was.

18 MR. BELNICK: Was he there for the whole
19 conversation, or do you recall him joining the
20 conversation after it began?

21 THE WITNESS: I can't recall the antecedent
22 and how this thing arose, and so I don't know that. But
23 the memory that I have is that all three of us were right
24 there at that point in time that we were talking about
25 this part of the conversation.

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137

1 BY MR. LIMAN: (Resuming)

2 Q Was Coy closer -- I'm sorry, just the
3 opposite. Were you closer to Ollie than Coy was?

4 A Yes, I would have been, because I was in
5 effect between the two of them, although it was --

6 Q I meant closer in terms of relationship.

7 A Well, we had known each other over many years
8 and we have already in my testimony, I have related --

9 Q I know you have described what the
10 relationship was, but I don't have the relative sense in
11 terms of you and Coy. I mean, were you more a confidant
12 of Ollie's than Coy was?

13 A Well, that would be my judgment. I thought I
14 was. I don't know. You would have to ask Colonel North
15 that.

16 Q Did you have the sense that he was confiding
17 something to you that was sensitive, secret,
18 confidential?

19 A Can we go off the record for a moment?

20 MR. LIMAN: Yes.

21 (A discussion was held off the record.)

22 BY MR. LIMAN: (Resuming)

23 Q There's one other note here, and it's the last
24 one, you will be glad to know, I'm going to ask you
25 about.

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138

1 MR. LEON: Arthur, before you go into that,
2 let me ask about the Coy thing.

3 BY MR. LEON: (Resuming)

4 Q Do you know if Craig Coy knew about the
5 diversion?

6 A No, I don't know. There was at least one
7 instance -- and maybe more -- when I recall what I think
8 is an OSG meeting, but it could have been some other kind
9 of meeting, but there was a comment almost --

10 Q An aside?

11 A Well, I was going to say almost flippant, but
12 that's not the right word either -- but a comment that
13 well, wait till the Ayatollah finds out that he is really
14 supporting the contras. There had been at least one of
15 those and maybe others that I don't know whether Craig
16 Coy had ever been attending when one of those had come
17 out and what he concluded from that.

18 BY MR. LIMAN: (Resuming)

19 Q Well, let's talk about that one.

20 A Haven't we talked about that one already?

21 MR. BELNICK: Yes.

22 BY MR. LIMAN: (Resuming)

23 Q That would be if you knew what you knew, you
24 understood what the reference was; am I correct?

25 A Yes.

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139

1 Q And apart from that you don't know whether Coy
2 had been given the confidence that Ollie gave to you
3 about the fact that the Ayatollah's money was going for
4 the support of the contras?

5 A Well, I don't know whether he heard one of
6 those hyper --

7 Q But you heard it separately when you were
8 briefed into the compartment? You were told this?

9 A Yes.

10 MR. BELNICK: Bob, didn't Colonel Earl turn to
11 you and ask you a question while you were watching the
12 press conference? Excuse me. Didn't Coy turn to you
13 and ask you a question while you were watching the press
14 conference?

15 THE WITNESS: Yes.

16 MR. BELNICK: And what was the question he
17 asked you and when did he ask you? The Attorney General
18 announced diversion and Coy said to you --

19 THE WITNESS: I didn't know that; did you? So
20 that's right. That is relevant. That suggests to me
21 that he did know.

22 BY MR. LEON: (Resuming)

23 Q The second question I wanted to ask you about
24 Coy is, after that remark was made that you just
25 testified to at the head of the stairs in the suite that

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140

1 you believe Coy was present to hear and you believe
2 heard, did you at any time after that discuss it with
3 Coy, that particular remark?

4 A No.

5 BY MR. LIMAN: (Resuming)

6 Q Have you been told to this point that Coy does
7 not remember that remark?

8 A I have not been told that, but I have inferred
9 that.

10 Q Well, I'm telling you that now. Does that
11 affect your recollection?

12 A No. It surprises me, and so it means that
13 something is -- that he was not as close as I thought he
14 was or that he didn't hear it even though I thought he
15 should have.

16 Q Or didn't attach meaning to it.

17 A Right. There wasn't the same significance. I
18 don't know. That surprises me, but it doesn't change my
19 testimony one iota, no.

20 Q There is one note at page 70 which is "Al Keel
21 transition; don't get morale down, DCI acting surprise to
22 him." What does that mean?

23 A Al Keel had been designated as the Acting
24 National Security Advisor.

25 Q What's the surprise?

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141

1 A That it was a surprise to him.

2 Q That he was going to be Acting?

3 A When it was announced, that was his first
4 knowledge of it. The public announcement of it was his
5 first knowledge. He had not been advised or consulted.

6 MR. BELNICK: I have a few documents to go
7 through. Mark this document as the next Earl Exhibit.

8 (The document referred to was
9 marked Earl Exhibit Number 7
10 for identification.)

11 BY MR. BELNICK: (Resuming)

12 Q It bears our Bates numbers N-8221 through
13 8223. Earl Exhibit 7, these are documents that the FBI
14 found apparently on your desk, Colonel Earl. The first
15 one is written --

16 A Is it Farsi?

17 Q My question exactly. You don't know what that
18 Arabic-looking document is, do you? That is dated 20
19 November '86.

20 A It looks like Farsi to me, but that's my date.
21 I mean, that looks like my handwriting.

22 Q You don't write Farsi, do you?

23 A No.

24 Q If you don't recognize it, we will go on. Is
25 it shorthand?

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142

1 A I don't know what it is. This is Farsi and
2 it's written by George Cave and it's from one of the
3 secure voice phone calls to the second channel which
4 occurred at my desk, where I had the briefcase set out.
5 So he used a note on my pad and wrote it all out as he
6 was getting it in Farsi, and then later translated it and
7 put it into English so that we could all figure it out.

8 Q Turn to the next page, 25 November 86. Meese
9 Press Conference. Did you write that page, N-8222? Is
10 that your handwriting?

11 (Pause.)

12 A Okay. I could have answered your question
13 about my handwriting. Yes, it is my handwriting, and I
14 wrote this and that is points that I'm making, I guess,
15 from the Meese press conference.

16 Q You were writing it while the press conference
17 was in progress?

18 A I think so. I'm not positive of that, but 25
19 November was the date of the press conference.

20 Q Absolutely.

21 A Let me just finish it off. Okay. I think
22 some of these are responsive to questions from the press
23 as they occur, and the Attorney General's feeling -- yes,
24 it is a concurrent reference of the press conference or
25 the parts of it that I saw.

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143

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[REDACTED]

Q The second, there was an announcement of what became the Tower Board, right? That was the small commission to investigate the NSC?

A Yes.

Q All right. "Three: JMP knew last year of shipments to Central America." What does that mean?

A I think it is in response to a question of whether Admiral Poindexter had known of the diversion.

Q That was the Attorney General responding?

A And I think the Attorney General answered the question something along those lines, yes.

Q Now, number four, "third country shipping -- what did Pres know, when? One without U.S. knowledge, Aug-September 1985, one with U.S. knowledge, November -- weapons returned to Israel." Then there is some squiggly lines from the August-September, November '85 shipments, and it says "Pres knew of both".

A And I think that is the Attorney General's answer to a question. Somebody in the back of the room raised the famous question: What did the President know and when did he know it? And this was the Attorney General's response.

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144

1 BY MR. LIMAN: (Resuming)

2 Q What was his response?

3 A That one was without U.S. knowledge in the
4 August-September 1985 time frame, and one was with U.S.
5 knowledge in November. The weapons returned to Israel.

6 Q And then you wrote "the President knew of
7 both". Is that your editorial comment?

8 A It appears to be, and I'm wondering, if it is,
9 how I knew that.

10 BY MR. BELNICK: (Resuming)

11 Q If you look at the handwriting, it looks
12 different or at least lighter, as if you came back and
13 wrote it afterwards.

14 A But it looks to be in the same style or the
15 same ink pen as that one, but this may have been added
16 after the fact as well.

17 Q Yes, to title it.

18 A Yes, but I'm not sure how I got that. I don't
19 think that I knew, reading or listening in real time to
20 the press conference, to make that observation, and I
21 think I got that after the fact from somebody.

22 Q From whom?

23 A I don't know. Maybe Colonel North. I don't
24 know. But it suggests to me a late entry, an after the
25 fact.

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145

1 Q "Number five: Pres knew" -- underlined -- "of
2 shipment afterwards, after the fact, condoned by USG."

3 A Correct.

4 Q That came out at the conference?

5 A That was the Attorney General's answer, I
6 think, to the question, yes.

7 Q "Number six: Boland Amendment violation."

8 A I guess a reporter had asked whether this
9 violated the Boland Amendment. I don't know what the
10 answer was.

11 Q "Seven: Administration sought funds from
12 third countries".

13 A Again, I guess that is a question that was
14 asked. There is a tape. I know the Independent Counsel
15 has it. You can see if these were all the questions.

16 Q "OLN retiring from the Marine Corps."

17 A I think in response to a question about
18 Colonel North and what his status was -- that he had been
19 fired or released -- that the Attorney General went
20 further than his brief and stated incorrectly that
21 Colonel North was going to be retiring from the Marine
22 Corps. And that was wrong, and so I questioned that.

23 Q The last three notes, just to save time, all
24 come out of the press conference -- eight, nine and ten?

25 A Yes, I believe they do.

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146

1 Q Take a look at the last page of this exhibit,
2 N-8223, 19 November '86, Presidential News Conference.
3 Did you make those notes?

4 A Yes, these are my notes from the press
5 conference, although one thing that threw me off, that
6 one word. Maybe it is still my handwriting. But it
7 looks --

8 Q The word "credibility" under number one?

9 A Yes, that may be somebody else's add. I don't
10 know.

11 Q But looking over these notes, are these all
12 notes that you took of the questions or responses during
13 the news conference?

14 A Yes. They were contemporaneous notes of his
15 responses, the President's responses to questions.

16 Q Would you mark this as Earl Exhibit 8? It is
17 a one-page document, Bates numbered N-1823.

18 (The document referred to was
19 marked Earl Exhibit Number 8
20 for identification.)

21 Are these your notes?

22 A I think these are both my notes and Craig
23 Coy's, interspersed.

24 Q When did you make these notes? It looks like
25 the date 31 October is partially cut off at the top.

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147

1 A Let me just refresh myself on the substance
2 here. This was at the time that Craig Coy and I were
3 alternating doing the 24-hour watch in the situation
4 room.

5 Q Expecting the release of the hostages?

6 A Yes.

7 Q Now take a look at 1605, the entry for 1605.
8 Is that in your handwriting?

9 A Yes, it is.

10 Q Now I don't want to read it into the record
11 unless you tell me that it is relevant.

12 A I believe it is relevant. I don't understand
13 it, but I suspect that it is.

14 Q It says: "Kagan called." Is that a reference
15 to Kagan of the State Department?

16 A Yes, Bob Kagan.

17 Q And "[redacted] is frantic." Who was [redacted]

18 A I don't know.

19 Q "Needs the \$25K OLN had promised him a month
20 and a half ago." Do you have any idea what that note is?

21 A No.

22 Q Do you know anybody named [redacted] who was
23 involved in any of the hostage release activity or the
24 Iran initiative?

25 A No. My attention was drawn to Central America

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148

1 as the focus of this, and not Iran.

2 Q Excuse me. Central America.

3 A And I think in my notes somewhere there's a
4 reference to [REDACTED] or something like that.

5 MR. LEON:

6 THE WITNESS: [REDACTED] or something like
7 that, possibly, and I think in looking through it one of
8 these times in the last few months that I picked out that
9 name. It struck me as strange and that may be it. But I
10 don't know who [REDACTED] is.

11 BY MR. BELNICK: (Resuming)

12 Q Let's mark these next two PROF notes as Earl
13 Exhibit 9.

14 (The document referred to was
15 marked Earl Exhibit Number 9
16 for identification.)

17 They bear our numbers N- --

18 A Are you going to suitably excise these?

19 Q Yes. If we have to use it, they will be
20 excised heavily, I am sure.

21 Exhibit 9 is two PROF notes, N-18154 and N-
22 18180. The first one is a PROF note. You see where we
23 have the line drawn on the left, Colonel, from you to
24 Ollie North, October 26, '86, subject: The Law. And it
25 appears to relate to the Hasenfus prosecution

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149

1 A Okay.

2 Q What occasioned that PROF note?

3 A Well, on the 26th of October, that I was
4 reporting to Colonel North that there was a New York
5 Times article with this professor of law making reference
6 to this.

7 Q This section of the U.S. Code that made it
8 unlawful to export defense supplies or services to
9 foreigners abroad and asserting that that is the law
10 under which Wilson and Terpil were indicted; is that
11 right?

12 A That's right.

13 Q Now why are you suggesting that a lawyer check
14 it out on behalf of Hasenfus?

15 A Well, that this seemed to me -- there was this
16 allegation of illegality in the press and it seemed to me
17 that that needed to be researched and that ^{Sock} ~~Jacques~~ --

18 Q ^{Sock} ~~Jacques~~ Sharfen?

19 A ^{Sock} ~~Jacques~~ Sharfen, who I know from having seen
20 at least this one memo, where he did a memo on the
21 Neutrality Act, could research and see the relevance of
22 particular laws and whether this was something that was
23 going to be a problem.

24 Q You knew at that time that Hasenfus was
25 working for Project Democracy?

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150

1 A Yes, I did.

2 Q And that Colonel North -- that that was part
3 of the project that Colonel North was involved in, right?

4 A Yes.

5 Q And therefore you associated him with North
6 and the government -- Hasenfus, that is?

7 A I associated him with Project Democracy or
8 Democracy Incorporated, which was a private organization.

9 Q That North was involved in and was giving
10 guidance to?

11 A That North was well aware of the activities
12 of.

13 Q Well, you knew North was working with Project
14 Democracy. You had been passing message down to them on
15 the KL-43 and receiving them on behalf of North in his
16 absence, right?

17 A Right. I guess the point that I'm not certain
18 of going to is the extent of direction, control, or that
19 some of these were gratuitous suggestions that may or may
20 not be accepted by Secord and whatever the leadership of
21 Democracy Incorporated was, that they, as was true in the
22 case of at least one cable that I sent down that was
23 rejected by them and they did something completely
24 opposite, that that was their decision.

25 (The document referred to was

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151

1 marked Earl Exhibit Number 10
2 for identification.)

3 Q Earl Number 10, just marked, is a PROF note
4 from you dated August 21, 1986 and you are writing that
5 note to Coy; am I right? It is Bates stamped 18124.

6 A I can't read who it's from. Can you read it?

7 Q It is from you, NSRLE.

8 A I can't read that on mine.

9 Q If you will look down, you will see "note
10 from", but where it says to NSCPC --

11 A That is Craig Coy.

12 Q Let's read it. It says: Note from Robert L.
13 Earl, Subject: Singlaub.

14 A "Status? Has he called again? Has North
15 spoken to him? Have we gotten the word to Calero to ask
16 Singlaub for any stuff he may have?"

17 Q The word "et cetera" actually appears there,
18 and then the rest of the page is blacked out.

19 MR. LIMAN: What date is that?

20 MR. BELNICK: August 21, 1986.

21 MR. LIMAN: Your notes of page 110 say "Oliver
22 North to call Singlaub. What has he got? Have Calero or
23 Bermudez call him and tell him to give it to FDN."

24 BY MR. BELNICK: (Resuming)

25 Q And the heading on the PROF note is "European

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152

1 Aid to Nicaragua". So with all of that, what was this
2 about?

3 A This is a reply to that note, so Craig had
4 sent me a message that laid out European aid to
5 Nicaragua.

6 BY MR. LIMAN: (Resuming)

7 Q Do you remember that Singlaub was on
8 television?

9 A Well, it triggered a recollection, and the
10 recollection is that General Singlaub had called and I
11 believe spoken to Craig Coy, and that the message from
12 Singlaub was that he had a whole bunch of material that
13 he wanted to turn over for use, and I think it was to the
14 CIA, to what was going to happen, since -- this was
15 August. When was the legislation passed?

16 BY MR. BELNICK: (Resuming)

17 Q October. But it became effective. It had
18 been passed by June and so in August everyone knew the
19 \$100 million was coming in October.

20 A And that he had called up to offer that or to
21 get guidance or to see how that could be done. The
22 resolution of it was to suggest to him -- and I don't
23 know who finally did that; whether it was Colonel North
24 who called him or Craig who called him, but I know that I
25 did not -- but anyway the guidance that was to be passed

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153

1 to him, to Singlaub by one of those two was to get in
2 contact with Bermudez and the FDN, and if you want to
3 donate that stuff to them, fine.

4 (The document referred to was
5 marked Earl Exhibit Number 11
6 for identification.)

7 Q I'm marking as Exhibit Earl 11 a document that
8 bears our Bates stamp N-18119 through 18121, several PROF
9 notes. On the first page, 18119, I am interested in the
10 PROF note at the bottom, dated August 17, '86, note from
11 Robert Earl. Is that to Wilma Hall? No, it's not. To
12 NSPWH?

13 A Paul Handley, I believe.

14 Q Who is he?

15 A Public affairs, NSC.

16 Q And the subject was civilian military
17 assistance to the contras?

18 A Yes.

19 Q What is this note all about?

20 A Let me just check it. All right. Paul
21 Handley had come to me and said -- and you may have his
22 original query to me -- saying that there was a press
23 allegation that retired General Schmuck, Buck Schmuck --

24 Q That's a real name?

25 A That is a real name.

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154

1 Q The only guy who should have used a code name
2 in this case didn't?

3 (Laughter.)

4 A Had in some way conducted a survey in the
5 region and was instrumental in coming up with the idea of
6 this whole support of operations. He was the genesis of
7 the idea of how to support the contras and I don't
8 remember the specific allegation, but it was very
9 distorted, about General Schmuck's role, and so I did
10 some research and found out what General Schmuck had
11 actually done and relayed that to Paul Handley but
12 advised Paul that I didn't think he should use any of
13 that even in trying to correct the record because it
14 would wind up being distorted even further.

15 Q Earl Exhibit 12 is N-8138, a one-page PROF
16 note from Colonel Earl to North, dated November 3, '86.
17 The subject is the IG/N and it reads: "For your
18 information, I got bounced from the 3 November meeting.
19 Elliott told me principals only," et cetera.

20 (The document referred to was
21 marked Earl Exhibit Number 12
22 for identification.)

23 A Okay. Do you want to know more about it?

24 Q Yes, sir. The IG/N had been created under the
25 Executive Order to help administer the \$100 million

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155

1 program, as I understand it, right?

2 A I think that's correct. I'm not positive.
3 But the IG/N seemed to be a new, very closely held IG on
4 Nicaragua, there being many SIGs and RIGs and so forth,
5 but this one was a new one to deal with the \$100 million
6 and its implementation, correct. And when Colonel North
7 was out of the country one of the meetings was being
8 held. I didn't know whether I should attend or not for
9 Colonel North.

10 I called Elliott Abrams' office to try and get
11 guidance from him since he was the chairman before the
12 meeting. He never returned my call before the meeting in
13 the afternoon, and so I went down to the situation room
14 in order to see if it was appropriate for me to sit in,
15 and Elliott told me that it was not -- principals only.

16 BY MR. LIMAN: (Resuming)

17 Q Are you aware of whether there was a unit
18 within the RIG that consisted only of [REDACTED] North and
19 Elliott Abrams?

20 A I'm not aware that there was such a formal
21 smaller substructure.

22 BY MR. BELNICK: (Resuming)

23 Q Colonel, I have another question about Earl
24 Exhibit 12. After saying that you got bounced out of the
25 meeting, you express your belief that [REDACTED] -- that is

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156

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A No, that's Vince Cannistraro.

3

4

5

6

Q Was responsible, and you go on to say "I heard them talking about whether they were going to address 'that sensitive issue' today." Now what sensitive issue did you hear them talking about?

7

8

A I didn't. That is what I heard. I don't know what the sensitive issue was. That's all I heard.

9

10

11

Q You heard Cannistraro say --

A That is a quote of Cannistraro on that

sensitive issue.

12

13

Q And you don't know what he was referring to?

A No, I don't.

14

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Q I'm marking as Earl number 13 a document bearing the numbers N-1807 through 1817, the first page of which is a note from Sharfen to you, apparently, attached to which is the United States Munitions List, and the note says: "Commander Paul Thompson told me you had asked him for a copy of this", which Sharfen's initials.

21

22

23

24

25

(The document referred to was marked Earl Exhibit Number 13 for identification.)

Can you recall when you asked for a copy of the U.S. Munitions List and why? Any recollection of

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157

1 that?

2 A No. If you had ever showed me this and asked
3 if I had ever asked ^{Jock} Jacques Sharfen --

4 Q It looks like you asked Paul Thompson.

5 A I would have said no, but I can only guess
6 that I had asked for it for Colonel North. I was asking
7 for him and gave this to Colonel North when I got it.

8 (The document referred to was
9 marked Earl Exhibit Number 14
10 for identification.)

11 Q Look at Exhibit Earl 14, which is a one-page
12 document with our number N-18110. You have it in front
13 of you, and it is a PROF note dated October 30, 1986 from
14 you to Colonel North, subject is [REDACTED] Debrief. And I
15 am interested really in the last paragraph of that PROF,
16 which I will read into the record.

17 "Max will be in town next week. Sam is
18 puzzled by your comments to him about Max and seeks
19 further info, if appropriate, before Max meets with him
20 and the Vice President. Sam apparently sees no problem
21 with [REDACTED] hiring his own [REDACTED] rather than Max's."
22 Is that a reference, first, to Max Gomez?

23 A Yes, it is.

24 Q Also known as Felix Rodriguez?

25 A One in the same.

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158

1 Q Sam is Sam Watson, the Vice President's aide?

2 A Correct.

3 Q And you understood that Max was going to meet
4 with Vice President Bush a week from when you were
5 writing this?

6 A That was my understanding at the time, that
7 Max was coming into town for a meeting with him, Sam.

8 Q And Vice President Bush?

9 A That is what it says.

10 Q And that Max would be discussing a problem
11 that related to his work for the contras, right?

12 A I'm sorry. Repeat the question.

13 Q What did you understand Max was going to be
14 discussing with the Vice President?

15 A I guess that there was some preliminary
16 indication in phone calls, in however Sam or Don Gregg
17 acquired this information that Max was going to be coming
18 to town, that there had been some indication of what was
19 going to be discussed, and the parenthetic remark at the
20 end of the sentence suggests that it was in some way
21 related to the transition.

22 Q The transition to the \$100 million program?

23 A To the CIA program.

24 Q From the private benefactor?

25 A From what had been being done by the private

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159

1 groups.

2 Q Project Democracy and Max's alias, or Felix's
3 alias, Max, was working on that problem, correct?

4 A I'm not sure of that, no.

5 Q Well, he had been assisting. You knew he had
6 been assisting the Project Democracy effort on behalf of
7 the contras -- "he" being Max Gomez.

8 A No, I don't think I knew that at this time.

9 Q What did you think he was doing?

10 A That he was going to raise this problem. That
11 doesn't indicate one way or another his involvement in
12 that.

13 MR. LEON: You hadn't met him yet?

14 THE WITNESS: No, I hadn't met him yet and I
15 didn't have the benefit of that, what is in my notes of
16 the little thumbnail sketch that I had gotten.

17 BY MR. BELNICK: (Resuming)

18 Q I see. Right before the August 8 meeting?

19 A Right, because this is back on 30 July.

20 Q About a week before.

21 A But what I'm trying to suggest is that there
22 was some cryptic indication of the topic because of this
23 parenthetic remark, because either I got it screwed up in
24 relaying what Sam Watson told me and relayed to North, or
25 Sam Watson and Don Gregg was confused about it. I copied

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160

1 it correctly and passed it on, but somebody was confused
2 about this and whose assets and what the mechanism was.

3 Q [REDACTED] was with the CIA?

4 A That's right.

5 Q What was his position?

6 A He was in the task force.

7 MR. LIMAN: [REDACTED] was the head of the Latin
8 American Division?

9 THE WITNESS: I knew in some way he was
10 working with [REDACTED] I would have guessed that he
11 was underneath [REDACTED]

12 BY MR. BELNICK: (Resuming)

13 Q Just the opposite. Did he have contacts with
14 Ollie that you were aware of regarding the Project
15 Democracy network?

16 A I'm sorry.

17 Q Did [REDACTED] have contacts with Ollie from time
18 to time of which you were aware regarding the Project
19 Democracy effort on behalf of the contras?

20 A Did [REDACTED] have contact with North?

21 Q Correct.

22 A No. I think this is one of my first
23 references to him and associated with this. Have I
24 confused you enough on that?

25 (A discussion was held off the record.)

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161

1 Q Now we're back in the notes of the volume from
2 June 17, '86 to 5 September 1986, and I'm going to try
3 and limit the questions to here are notes at page 92 of
4 the meeting on, I think, August 12, 1986, regarding
5 Rodriguez' allegations. Am I right? Are those notes of
6 that meeting or relating to that meeting?

7 A Well, they relate to that general subject, but
8 I don't think they relate to the meeting. I think that I
9 have more extensive notes of that meeting somewhere else.

10 Q Well, what do these notes refer to on page 92,
11 "when CIA takes over, no outsiders, eliminate
12 interference of Max"?

13 A Well, I'm drawing a blank as to who gave me
14 that and what the circumstances are. I shouldn't
15 speculate.

16 Q Now here are notes also dated 12 August at
17 page 93. Is this a message from [REDACTED]?

18 MR. KIRK: Doesn't this go down here?

19 (A discussion was held off the record.)

20 BY MR. BELNICK: (Resuming)

21 Q Anyway, isn't this a message from [REDACTED]
22 [REDACTED]?

23 A I did not know the name [REDACTED] and I
24 did not know [REDACTED] last name. I just knew a voice on the
25 phone as [REDACTED]

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162

1 Q [redacted] from [redacted]
2 A That is correct.
3 Q Now let's read it: "Ambassador and [redacted]
4 concerned Mr. Bacon" -- do you know who Mr. Bacon was?
5 A No.
6 Q "Mr. Bacon identified problem with Point
7 West." Did you know what Point West was?
8 A No, I did not.
9 Q Did you know it was a name for the air strip
10 at Santa Elena in Costa Rica?
11 A I think circumstantially I can intuit that
12 now; and I think I intuited it then, but I did not know
13 Point West. I had never been briefed into this
14 compartment and so I did not know the names.
15 Q Did you know that the private network was
16 constructing or had constructed a supposedly secret air
17 strip in Costa Rica to help with contra resupply?
18 A I knew that at some point, and I don't know
19 whether it was by 12 August or not. I think we were
20 talking off the record about the photo book, and I knew
21 that I had seen pictures of the air strip.
22 Q From the Dutton photo album?
23 A From that, and I think others as well. It
24 might have been just loose pictures of the air strip
25 also.

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163

1 MR. LEON: Did you ever see photos of the air
2 strip that were represented to you to be photos taken by
3 Rob Owen for Colonel North, not in a particular book?
4 Does that ring any bells?

5 THE WITNESS: I recall loose photos, color
6 photos, of the air field from various directions,
7 showing, looking down the runway from this direction,
8 looking back the other way and so forth, but I don't know
9 that they were provided. I don't know who took the
10 photos, how they were provided.

11 BY MR. BELNICK: (Resuming)

12 Q Page 93, continuing the notes, under 12
13 August, "one-eyed Jack has dismissed key employees,
14 property there not secure." Did you know who one-eyed
15 Jack was?

16 A No, I did not.

17 Q "Squatters may occupy. Mr. Bacon hasn't
18 received payment, according to one-eye, and the
19 corporation." Did you have any idea what this message
20 was all about at the time?

21 A Some, yes. I knew there was a problem here
22 that [REDACTED] was identifying. I knew that [REDACTED] was a reliable
23 source and so I knew that this had to be passed to
24 Colonel North and I think -- I'm not positive -- that I
25 knew at this time that it related to the air field. But

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164

1 I'm not positive of that. So I didn't know the codes or
2 the key players, but from the rest of it I think I knew
3 at that time that there was some sort of problem
4 associated with the air field in Costa Rica, yes.

5 Q Since we agreed to stop, let me just take you
6 through the August 12 meeting, which is in your notes, at
7 pages 94 and 95. Am I right now?

8 A Yes.

9 Q This is the August 12 meeting in Gregg's
10 office?

11 A Yes. Ambassador Corr and Jim Steele from the
12 Embassy.

13 Q You and Ray Burkhardt?

14 A Ray Burkhardt and I from the NSC.

15 Q William Walker from the State Department?

16 A Correct. [REDACTED] from CIA, Don Gregg, and
17 Sam Watson, I believe, although that's back to this not
18 knowing which meetings Sam Watson is in. I think Sam
19 Watson was at that time with Don Gregg.

20 Q I want to ask you to go through that meeting,
21 but what is this note? There is one reference I just
22 want to understand on page 95. These are all notes that
23 you took at the meeting?

24 A I think it is, yes.

25 Q "Felix claims working with Vice President,

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165

1 blessing for CIA." What was that? Who said it and what
2 did it mean?

3 A I think that that is somebody's statement at
4 the meeting -- and I'm not sure who. Possibly Don Gregg
5 was asserting that Felix was clean, that he was working
6 for the CIA with the Vice President's blessing, and that
7 triggers a more general recollection that there was a
8 realization by at least some of the folks in that room, I
9 think, that Felix was using the Vice President's name,
10 that he was somewhat of a loose cannon and attributing
11 things to the Vice President that weren't true, that he
12 was embellishing on his role and, as I say, using the
13 Vice President's name when it wasn't appropriate.

14 And I think that is a reference to that, that
15 Felix was going around, so it may not have come from Don
16 Gregg. It may have come from the Ambassador or Jim
17 Steele that Felix was going around down in Salvador using
18 the Vice President's name to make things happen and
19 really trying to take control of this thing.

20 Q What did Gregg say about that?

21 A I don't know. In general my recollection is
22 that Don Gregg had a very close friendship with Felix and
23 that he trusted what Felix told him, and so whenever I
24 would usually put things in the middle, whenever I had
25 the one side saying black and the one side saying white,

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166

1 that there was probably a middle ground here, that there
2 probably was some truth to the fact that Felix was
3 embellishing.

4 Q Why don't you go through the meeting as it is
5 reflected in your notes, the August 12, 1986 meeting in
6 Don Gregg's office?

7 A My notes indicate that one of the first things
8 that happened was that Ambassador Corr indicated concern
9 on the transition and that [REDACTED]
10 was concerned that the FDN were getting a bad deal
11 concerning the aircraft, that they thought that the
12 equipment, the aircraft, were being taken, that they in
13 fact belonged to the contras and that Democracy,
14 Incorporated intended to take them with them, and so
15 there was this misunderstanding or difference of view as
16 to who owned the aircraft, that there was an urgent need
17 for resupply of the southern front.

18 And then there was some discussion of the C-
19 123 that had made this unauthorized trip from Miami, I
20 believe, with Air Miami or Felix's involvement, and that
21 I think this is still Corr talking about Felix being
22 compadre with [REDACTED] that they were very close and had
23 a close relationship, and that is what gave Felix a lot
24 of authority, more authority than he should have had,
25 that he derived from this relationship to [REDACTED] who

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167

1 controlled the air force and the air field.

2 [REDACTED] can help with the

3 [REDACTED] who are saying that, the [REDACTED] don't
4 trust the gringos. A reference to \$10 million of arms by
5 ship from [REDACTED] and a question about whether these are
6 to be expected, and that [REDACTED] was ensuring
7 that the ship would be hidden and the possible use of an
8 island for the offloading of the arms.

9 Q That was from the [REDACTED]

10 A Yes. And this is -- I didn't understand this.
11 These are just some kind of cryptic notes. [REDACTED]

12 [REDACTED]
13 [REDACTED] and this was
14 background on how [REDACTED] frame of mind and how he was
15 figuring into this current crisis, and that there was
16 some kind of contradiction that Corr didn't understand.

17 But the bottom line for Ambassador Corr was
18 that -- well, I guess for [REDACTED] -- no, I'm getting
19 confused here. The bottom line was that the aircraft
20 should be sold and money given to the FDN as one
21 resolution of this difference of view as to who owned the
22 assets.

23 MR. LIMAN: Who was expressing that?

24 THE WITNESS: Well, underneath I say "Corr
25 recommends this", and I'm not sure. The bottom line

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168

1 above that is referring to [REDACTED] and that Corr is also
2 concurring in that, or this is just a double reference to
3 Corr's recommendation of it, and it is not -- my general
4 impression is that [REDACTED] position as relayed by
5 Felix and the Ambassador and others was that [REDACTED] had
6 been convinced that the aircraft belonged to the contras,
7 so that is one possibility.

8 The other is, if that is not acceptable, that
9 Colonel North would have to explain to [REDACTED]
10 who owned the aircraft as a resolution of this problem.

11 BY MR. BELNICK: (Resuming)

12 Q Did you understand --

13 A Ambassador Corr didn't feel this would work.

14 Q Do you know what Colonel North's view was at
15 the time as to who owned the aircraft?

16 A I'm not sure how firmly I knew. I think I
17 suspected that the aircraft belonged to Democracy, Inc.,
18 but I don't think I was sure of that. I certainly wasn't
19 sure enough of it to offer it up at the meeting.

20 Q Did you ask Colonel North at that meeting?

21 A Well, he wasn't there, but I got it clearly
22 from what follows later in my message to Dutton and the
23 feedback that we got that the aircraft clearly belonged
24 to Democracy, Inc.

25 Q That is what Dutton told you?

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169

1 A Yes.

2 Q Did Colonel North ever express that view to
3 you, that he thought the aircraft belonged to Democracy,
4 Inc.?

5 A How about if I answer it this way? When North
6 finally came back nothing that he did or said disabused
7 me of the impression that I had gotten from Dutton.

8 Q You gave North Dutton's message?

9 A I fully briefed him.

10 Q And he didn't say I disagree, tell Dutton he's
11 wrong?

12 A No.

13 BY MR. LIMAN: (Resuming)

14 Q Did you know that any of these aircraft had
15 been paid for from the proceeds of the arms sale?

16 A No, I didn't know that.

17 Q Did you know whether they had been paid for
18 from donations from foreign countries?

19 A I did not know how the aircraft had been
20 procured, paid for. I did not know any of that.

21 Q And you were probably asked this, but your
22 deposition has stretched over four days. Who did you
23 understand owned Democracy, Inc.?

24 A My understanding was that that was a private
25 corporation run by persons unknown but including at least

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170

1 General Secord and I think I would also throw Hakim in
2 that, although I think my knowledge of throwing him in
3 that would be later than my knowledge of Secord.

4 Q What about ownership as opposed to running it?

5 A I think one in the same. I think both would
6 apply, that it was owned and operated and run by private
7 individuals -- General Secord and others.

8 MR. LEON: So you didn't know if it was a non-
9 profit corporation?

10 THE WITNESS: No.

11 MR. LEON: Or if it was a profit corporation?

12 THE WITNESS: That strikes me as an irrelevant
13 question. I mean, I never focused on that.

14 MR. LEON: You didn't focus on that?

15 THE WITNESS: No.

16 All right. So we're at the bottom line.

17 Ambassador Corr didn't think that that would work, just
18 Colonel North explaining to [REDACTED] that the aircraft
19 did not belong to the contras. And then the general
20 sense, I think, from within the group was that Felix
21 would have to be eased out with honor.

22 Ambassador Corr said that he didn't mine
23 either way on the two ways of solving it, the problem,
24 but that Corr thinks he has been instrumental -- "he", I
25 think, being Felix.

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171

1 BY MR. LIMAN: (Resuming)

2 Q As being instrumental in what?

3 A I don't know. I take that to mean
4 instrumental --

5 Q In the operation?

6 A In the operation in some way, that that which
7 has been occurring that is leading into the transition
8 prior to CIA taking over, but it is a mixture of two
9 thoughts in the previous sentence.

10 Q Well, you had heard and understood that he was
11 a key liaison with [REDACTED]? I mean without looking at
12 your notes you understood that that was what Felix's
13 power was derived from?

14 A I'm not sure whether I got that from Colonel
15 North and his little precis at the beginning.

16 BY MR. BELNICK: (Resuming)

17 Q Look at page 77. One of your notes regarding
18 Felix says " [REDACTED] friend of
19 Felix". Does that refresh your recollection?

20 A Yes. There is a separate reference to three
21 months' continuation. I don't know what that means.

22 Q Let me ask you if you remember -- I don't see
23 in your notes -- any discussion at the August 12 meeting
24 about Felix's allegations regarding ripoffs on the price
25 of arms and the Clines group, the Wilson group -- the

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172

1 kind of things you talked about at the August 8 meeting?

2 A I think there was some discussion of ripoffs
3 on arms, but merely the use, the reference to
4 disreputable characters or individuals, and I'm not sure
5 if names were actually used -- they possibly were -- the
6 one that was referred to on the 8th.

7 Q Clines?

8 A Clines may have been, but I'm not sure.

9 MR. LEON: Who mentioned it?

10 THE WITNESS: I don't know. I don't know if
11 it was mentioned.

12 MR. LEON: Well, let me ask you this. Was it
13 mentioned in the context of a suggestion by anyone that
14 this has to be looked into because otherwise it's going
15 to bring discredit to North, to the U.S. Government, the
16 President -- anything like that?

17 THE WITNESS: That is, I think -- what can I
18 use instead of "track"? That corresponds to what I
19 remember of the meeting.

20 MR. LIMAN: That is consistent with your
21 recollection?

22 THE WITNESS: Thank you. That sounds like a
23 lawyer's --

24 BY MR. BELNICK: (Resuming)

25 Q Was there a discussion at the meeting,

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173

1 focusing around the fact that [REDACTED] was present, of a
2 concern -- let me start again. Focusing on the fact that
3 [REDACTED] was there, do you recall any discussion at the
4 meeting of Felix's concern that this Clines group or this
5 group of unsavory individuals would be adopted by the CIA
6 when the CIA came back into the program in October, and
7 [REDACTED] responding to that concern by saying, in effect, no
8 way?

9 A That is possible. I don't recall it
10 specifically. What I was about to say and what that
11 again triggers was a recollection that [REDACTED] made the
12 comment about within the American -- the Cuban-American
13 community that there are these disreputable characters
14 that are sympathetic to the contra cause but causing more
15 problems than help and that one had to be careful in how
16 one dealt with the Cuban-American community and its
17 relation to this, that although their motives were in the
18 right place there was a lot of corruption and greed and
19 drugs and it was a real mess.

20 And so he was recommending caution in how that
21 was approached, and I think that may have flowed from
22 what you just said or what was earlier said over here by
23 Mr. Leon, or possibly a discussion of the name Clines.
24 I'm not sure, but that is possible. That would be
25 consistent with the meeting, but I don't have a note on

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174

1 it.

2 BY MR. LEON: (Resuming)

3 Q Did you get any sense, Colonel, of what it was
4 that Donald Gregg was trying to accomplish by calling
5 this meeting with all of these people there? Was he
6 looking for them to launch an investigation? Was he
7 looking for them to make inquiries into these problems?
8 Did you get any sense, any bottom line sense, of what
9 Gregg was trying to accomplish by bringing all of these
10 people from different agencies together in one room -- a
11 big picture sense that you could report to Ollie?

12 MR. LIMAN: Or were you trying to achieve a
13 consensus?

14 THE WITNESS: My sense was Don Gregg had
15 received some information from a friend that he trusted,
16 who he believed, that raised some problems and issues
17 that had potential to be big problems, because he was
18 wanting to get the appropriate people to address them,
19 that one of the things that got his attention was Felix's
20 use of these names that he, Don Gregg, knew or believed
21 that they were really bad apples and that if they were
22 involved in this private enterprise that was providing
23 aid in support of the contras to raise questions about
24 the whole operation.

25 And so he wanted to surface -- my judgment is

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175

1 he wanted to surface with the appropriate people these
2 concerns that he had been made aware of so that those
3 people could, A, be aware of the problems and deal with
4 them in the right manner.

5 One of the specific problems was the friction
6 between [REDACTED] and the group that was providing
7 the aid and how aid was going to continue in the
8 transition period, in that it was clearly in danger of
9 being shut down by Felix and [REDACTED] because of
10 what may have been mistaken impressions on their part or
11 power politics between competing factions, whatever, but
12 that if they started charging \$600,000 landing rights or
13 doing all of these things that the bottom line was that
14 the contras were not going to be supported to the extent
15 that everybody was in sympathy for happening, and that
16 these problems needed to be worked out.

17 BY MR. LEON: (Resuming)

18 Q So the problems were not only political
19 problems but maybe legal problems and maybe just problems
20 with effectively assisting the contras, as well as
21 others?

22 A It was a grab-bag of problems.

23 Q And, therefore, let me ask you this. Do you
24 have any recollection of how it was left in this sense:
25 Did Donald Gregg ask any of these people to report back

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176

1 to him or, if not, did you get the impression that he
2 was, without directly asking for them to report back to
3 him, inviting them to get back to him on the matter? Did
4 you get any sense along those lines one way or the other?

5 A Well, I would like to look at the end of my
6 notes to see if there is anything that was discussed
7 specifically on this point, but my general recollection
8 about that is that there wasn't, that he had done his
9 duty, if you will, of advising the appropriate people of
10 the problem and that that was the extent of his
11 responsibility, that there was no need to report back.

12 Q And do you have any knowledge, Colonel,
13 whether Donald Gregg ever brought these matters to the
14 attention of the Vice President?

15 A No, I don't. I do not. I don't recall any
16 tasking like that -- if you report back to me, that,
17 consistent with your question, it didn't seem to me that
18 he was taking for action this thing and wanting to follow
19 through on it and seizing the initiative, a sense of
20 responsibility to solve it, that he had been made aware
21 of a problem and wanted to make sure that the appropriate
22 parts of the U.S. Government that had differing degrees
23 of concern with it were aware of it so that they could
24 deal with it.

25 MR. KIRK: Let's go off the record a minute.

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177

1 (A discussion was held off the record.)

2 MR. LIMAN: Let's go on the record.

3 THE WITNESS: There is a PROFs note that --
4 and I get it confused.

5 BY MR. LIMAN: (Resuming)

6 Q Is it a KL-43 note?

7 A Yes, a KL-43 note to Dutton, and this is my
8 copy of it.

9 Q Who sent the message?

10 A I sent the message.

11 Q On behalf of Colonel North?

12 A Yes.

13 Q And Colonel North told you what to say?

14 A Yes.

15 Q And what was the instruction -- to close down
16 the operation?

17 A Yes.

18 Q And get out?

19 A Yes.

20 Q And what led him to give that order?

21 A Well, I would have to go back in and see the
22 date of this and how it flows from the 12 August meeting.
23 My general recollection, without doing that right now, is
24 that it flowed from the 12 August meeting in some way, of
25 Felix's interference and the meeting that Don Gregg had

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178

1 chaired, that had a variety of people, many of whom were
2 not in the compartment, and was getting this thing
3 screwed up.

4 Q You can just look at the dates, but there was
5 a message that said "get fixed right away -- North to
6 Bob". That's right after the meeting.

7 A All right. Here's the date, my message. No,
8 no, this is from McAllister, right, on the 12th of
9 August, so it is the same day, immediately after the
10 meeting with all of those people, I sent a message to
11 Dutton relaying the substance.

12 MR. LEON: Let me stop you there. You met with
13 Dutton that day. On the 12th you met with Dutton.
14 According to Dutton's testimony and chronology you met
15 with Dutton the 12th and the 14th, two days later,
16 personally met with him. That is what I wanted to ask
17 him about.

18 THE WITNESS: Okay. My recollection is that
19 immediately after the first meeting on the 8th that I
20 sent to Dutton what Felix was alleging.

21 (Pause.)

22 Well, I would have to look in there and see
23 what transpires between the 8th and the 12th, if
24 anything. I'm not exactly sure when I got to brief
25 Colonel North of that.

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179

1 BY MR. LIMAN: (Resuming)

2 Q I'm not interested in the date. What I am
3 interested in is substance.

4 A Whether it's flowing from the 8th or the 12th,
5 eventually I sent to Dutton the message that had been
6 given to me from Colonel North on withdrawing the people
7 and the shutdown of the operation, if you will.

8 Q And Colonel North gave you that order to
9 relay?

10 A Yes.

11 Q And did Colonel North tell you why he made
12 that decision?

13 A No.

14 Q Was it out of disgust with the fact that there
15 was so much infighting?

16 A That would be speculation on my part. I don't
17 know what the reason was. I mean, it was a solution to
18 the problem that had arisen on the 8th and the 12th of
19 August -- how to deal with it.

20 Q His solution to the problem was to give the
21 order to shut it down?

22 A Correct.

23 Q And was that order observed?

24 A That order was not -- that guidance,
25 direction, suggestion, whatever it was, was not done. It

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180

1 was reversed by General Secord. General Secord said no,
2 that they would not do that.

3 Q And did he tell you that?

4 A I don't know specifically how I got it. I
5 think I got it from Dutton. I don't think I got it
6 directly from General Secord.

7 Q And so was it left that Oliver North would
8 talk to General Secord about this?

9 A Yes, I think so. I think when there was this
10 substantial disconnect between the two that I think both
11 Dutton and I agreed that those two should talk about it,
12 but there's something in what you say that tracks
13 responsibly.

14 Q Because you remember that after that Oliver
15 North talked to the Director of the Central Intelligence
16 about the fact that he considered Secord to be a patriot;
17 don't you remember that?

18 The reason I'm saying that is there is a PROF
19 note from North to Poindexter in which North urges
20 Poindexter to speak to Casey about helping Secord out and
21 a response by Poindexter saying that Casey agrees that
22 Secord is a patriot. Does that ring any bells other than
23 that you read it in the Tower report?

24 A I don't think so. Was I recipient of either
25 one?

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181

1 Q No. But you're not a recipient on other
2 things which you read either. So, in any event, the
3 bottom line of this whole series of events was that North
4 and Secord were left to work it out? You gave an
5 instruction. Secord countermanded it or didn't observe
6 it, and it was left that your boss in this operation,
7 Oliver North, and Dutton's boss, Secord, would talk
8 together and work it out?

9 A Yes. But let me just caveat that one bit,
10 which was that the standing order of Secord would stand,
11 pending the talking.

12 Q Well, Dutton was going to take the instruction
13 of Secord.

14 A And that was it. Secord would talk and
15 explain to North why.

16 Q Who told you that?

17 A That would have been my interpretation.

18 Q Well, you know that Dutton has testified that
19 he considered Secord and North to be his co-commanders?

20 A Right. I heard him say that, and I don't
21 think I would phrase it quite that way.

22 Q Well, you're not Dutton, so you're not able to
23 say who he takes his orders from and who he doesn't.

24 A No.

25 BY MR. LEON: (Resuming)

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182

1 Q Well, did he ever express it differently to
2 you?

3 A Did Dutton?

4 Q Yes.

5 A No. No, I'm not questioning that. No. I'm
6 just saying that that is not how I would characterize.

7 Q How would you?

8 A I wouldn't say that Colonel North was a co-
9 commander of Democracy, Incorporated. I see General
10 Secord as running Democracy, Incorporated, but that this
11 link with Colonel North is obviously a close one, but not
12 a co-commandership. I mean, that to me strikes of
13 military formal structure. You have a chain of command
14 and that North is in this Democracy, Incorporated loop as
15 a Board of Director or a commander or whatever, and my
16 conceptualization, to the extent that there is one,
17 doesn't have him in that box but over here.

18 BY MR. LIMAN: (Resuming)

19 Q Where did you get your conceptualization from?

20 A Just osmosis, by picking up the way he dealt
21 and the way Secord overruled North's suggestion on this,
22 that the assets belonged to General Secord and he didn't
23 like what Colonel North was telling him, and so he said
24 no, that's not what we are going to do, and he did what
25 he said, and I will explain it to North.

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183

1 Q Did North give the instruction to Dutton or
2 did you give the instruction to Dutton?

3 A Well, I passed the PROFs note because Colonel
4 North was out of the country.

5 Q So it was an instruction from a guy by the
6 name of Earl to Dutton. Is that what it was?

7 A The guy by the name of Earl had no authority.
8 I mean --

9 Q And the instruction from the guy by the name
10 of Earl wasn't observed, but when you sent that message
11 in whose name did you send it?

12 A I think I clearly sent it as coming from
13 North, but I don't know. I would have to look. But that
14 certainly was what I was thinking at the time, and I
15 don't think there was any confusion on Bob Dutton's part
16 that it was coming from North. But maybe there was.
17 Maybe I didn't make that clear in the message.

18 Q Do you know who tasked Secord to set up
19 Democracy, Inc. to begin with?

20 A No, I do not.

21 Q And you were not privy to all of the
22 communications between North and Secord?

23 A No.

24 MR. LIMAN: Let's conclude this now. Let's go
25 off the record.

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184

1 MR. LEON: I would like to ask two questions
2 on the record. I realize this has gone on for too long.

3 BY MR. LEON: (Resuming)

4 Q I have a whole bunch of questions, but we will
5 have to get together another time. But one is Dutton's
6 chronology says you met with him on the 12th. Do you
7 recall meeting that day and, if so, was it before or
8 after this meeting with all of these people -- and please
9 look at the notes.

10 A What day of the week is the 12th and where was
11 the meeting?

12 Q It was a Monday, I believe, or a Tuesday. It
13 seems to me the 8th was Friday.

14 A Did you say where it was?

15 Q I don't know, Colonel.

16 A I don't have -- and I think I talked about
17 this before, but I don't have any recollection of meeting
18 Dutton in the Old Executive Office Building ever, but I
19 have -- and I thought that we went through this -- my
20 recollections of my meetings with Dutton, one of them was
21 at a restaurant near Tyson's Corner. That was the first
22 one because I didn't know who I was looking for when I
23 met him and I don't recall the date.

24 One was in the Watergate Hotel.

25 Q How about in a hotel on the 14th, two days

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185

1 later? He also has in his chronology that you met two
2 days later. He has testified to that.

3 A I'm sorry?

4 Q The 14th of August, that he met with you two
5 days later.

6 A That is possible because Jim Steele was in the
7 country, obviously, and at the meeting on the 12th, and
8 so --

9 Q Steele was there on the 14th, too.

10 A If I met with Dutton on the 12th, that evening
11 at the restaurant in Tyson's Corner, then it is likely
12 that the follow-up meeting with Steele was in the
13 Watergate on the 14th. And so I think -- oh, then
14 there's a phone number for the Watergate, which may be
15 possibly Jim Steele's number.

16 What date are we on here -- the 12th? And I'm
17 speculating a little bit, but I think that that is
18 probably the best reconstruction that I can do right now.

19 Q The reason why I'm asking this is I am just
20 trying to determine whether or not on either of those --

21 A That is his date of birth for coming into the
22 meeting, so I met with Steele once when he came into the
23 Old EOB.

24 MR. LIMAN: He is going to give you a reason
25 why he's asking this.

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186

1 THE WITNESS: Wait a minute.

2 (Pause.)

3 THE WITNESS: Counsel points out on page 97 is
4 my notes of a meeting with Bob Dutton, I assume that is.
5 And I think we have groped into what is probable. We can
6 refresh it better if we need to.

7 MR. LIMAN: Do you have it there on the 14th?

8 THE WITNESS: I don't have it there.

9 BY MR. LIMAN: (Resuming)

10 Q Well, let's assume it is the 14th, since you
11 didn't have that many meetings with him. You have notes
12 or another meeting with him following the 12th?

13 A These may be notes of the 12th rather than the
14 14th. But, I mean, whether it's the 12th or the 14th I'm
15 not sure that that is really particularly relevant at the
16 moment.

17 Q For the record, those are notes on page 97,
18 and those are the notes that have Bob meeting, and they
19 continue all the way down to the end of the page.

20 A Yes.

21 Q And they say "Max not our problem. If he
22 stays in country, he's your problem." Who is "our" and
23 who is "your"?

24 A Okay. The reference to "Max not our problem,
25 nothing to do with our op" is Bob Dutton talking. "Our"

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187

1 means Democracy, Inc.

2 Q When he says it's your problem, that means
3 you, when he says if he stays in country he's your
4 problem? That means the United States Government's
5 problem, or Ollie North's problem?

6 A Yes. It suggests something outside of
7 Democracy, Inc.

8 BY MR. LEON: (Resuming)

9 Q Well, those notes pretty much establish the
10 fact that you did relay to Bob Dutton what happened in
11 the meeting on the 12th?

12 A Yes.

13 Q And that he gave you a reaction to it and that
14 you put that down in your notes?

15 A Yes.

16 MR. LEON: Okay, fine. I don't need to go
17 through that any further now. I will go through your
18 notes and ask you about it another time.

19 MR. LIMAN: We will need your CV, if you can
20 get it typed up. We will need that.

21

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188

1 THE WITNESS: We need it?

2 MR. LIMAN: Yes.

3 (A discussion was held off the record.)

4 (Whereupon, at 5:50 p.m., the taking of the
5 instant deposition ceased.)

6

7

Signature of the Witness

8

Subscribed and Sworn to before me this _____ day of

9

_____, 1987.

10

11

Notary Public

12

My Commission Expires: _____

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- 40 1006 PLO
Re, 10/10/87The Director of Central Intelligence
Washington, D.C. 20505

17 October 1986

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Ghobanifar [REDACTED] Channel

0198

1. My meeting yesterday with Roy M. Furmark, New York representative of Adnan Khashoggi, only served to underscore the serious concerns that I outlined to you in my memorandum of 14 October. Indisputedly, we must endeavor to effect an orderly, damage-limiting shutdown of the Ghobanifar [REDACTED] channel now before serious--perhaps irrevocable--damage is done to current initiatives to free American hostages in Lebanon and to establish links with moderate factions in the Iranian Government.

2. Furmark, in a brief conversation with me on 16 October, made the following points:

--He has known Ghobanifar since January 1985 and has detailed knowledge of the Ghobanifar [REDACTED] channel (although he never mentioned [REDACTED] by name).

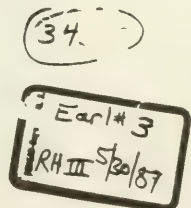
--He has met with Ghobanifar many times and participated in discussions in the summer of 1985 on the need for rapprochement between the US and Iran. He acknowledged that rapprochement was not just a national security issue, but that he, Ghobanifar, Khashoggi, and others saw a potentially lucrative market if relations were reestablished between Tehran and Washington.

--The idea of providing Iran with military equipment in exchange for American hostages--seen as a way of commencing a dialogue with Iran--also originated in the summer of 1985 and he along with Ghobanifar, traveled to Tel Aviv in August 1985 where they met with a number of Israeli officials including Amiran Nir, Israeli Special Assistant to the Prime Minister for Combatting Terrorism. Subsequently, arms were delivered to Tehran in September 1985, a development that resulted in the re Benjamin Weir.

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under provisions of E.O. 12353
by E. Rogers, National Security Council

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--After a number of false starts in late 1985 and early 1986, Khashoggi agreed to finance another arms transaction in May 1986, just prior to Bud MacFarlane's secret visit to Tehran. He borrowed money from a number of Canadian financiers. On the basis of a signature loan, he borrowed a total of \$15 million at 20 percent, agreeing to repay principal and interest in 30 days. Everyone anticipated that the MacFarlane visit would result in resolution of the hostage crisis.

--Unfortunately, this did not occur, and only \$8 million has been paid by the Iranians for the equipment received. Of this, \$5 million has been used to pay back one creditor; the remaining \$3 million has been used to cover expenses and for other matters. No profit has been realized, and Khashoggi owes the Canadians \$10 million.

--The current financing was complicated by the fact that Iranian officials in the Prime Minister's Office complained about the price of the Hawk spare parts that were shipped, asserting that the cost was five or six times what should have been charged. Many of the delivered items, moreover, did not work or were for a different model of the Hawk missile system.

--Iranian officials, after having paid \$8 million in cash, claim that no additional funds are owed to Ghobanifar or Khashoggi. The shipment of the Hawk spare parts to Tehran, however, resulted in the release of Father

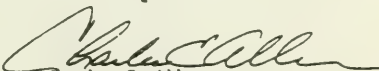
3. Furmark stated that the current situation has left Ghobanifar and Khashoggi with \$10 million of indebtedness and no prospects for resolving this indebtedness. According to Furmark, Ghobanifar and, by virtue of his financial involvement in the scheme, Khashoggi, are being blamed by the Canadian creditors for this situation. The Canadian entrepreneurs, who have investments in oil, gold, mining, and real estate, reportedly are aggressive, tough-minded individuals who have influential contacts in Washington. They have told Khashoggi that unless some payment on the principal is forthcoming, they would begin to inform individuals like Senators Leahy, Moynihan, and Cranston around 15 October about this back-channel deal with Iran and how they have been swindled. Furmark, while stating that he was not authorized to provide the names of the Canadian investors, asserted that we should not underestimate the determination of the Canadians. He claimed they have a reputation for dealing roughly with those who do not meet their obligations. Khashoggi allegedly is trying to get them to extend the 15 October deadline, but was uncertain as to whether he would be successful in this effort.

4. Furmark stated that he spent two days last week in London talking to Ghobanifar. He stated that Ghobanifar is telling the truth about these transactions and insisted that the Iranian entrepreneur had not made any profit off this deal. He stated that Ghobanifar was in a "distressed" condition without any constructive ideas on how to pull himself out of his current financial morass. Khashoggi, who also has financial problems, is not in a position to repay the Canadian creditors. Furmark stated that he had worked for many years in the oil business and was a good judge of individuals who were attempting a swindle. In this case--regardless of other Ghobanifar business deals--he was convinced that the Iranian was essentially telling the truth.

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5. Furmark stated that everyone had agreed to keep this back-channel arrangement with Iran "highly secret" but that if the situation remained static, he is absolutely certain that the Canadians will talk and that the matter will eventually become public knowledge. He recommended that the US consider at least a partial shipment of additional arms to Iran in order to maintain some credibility with the Iranians in the Prime Minister's Office and to provide Ghobanifar with some capital so that the investors can be repaid partially and so that Ghobanifar can borrow money to finance additional shipments. This would keep the process rolling and could result in release of additional hostages. Furmark offered to meet with me in New York next week in order to report fully on his involvement in these transactions. 0200

6. Comment: I find Furmark's detailed knowledge of the Ghobanifar link deeply troubling. Regardless of who is at fault on the financing--and we know that Ghobanifar is not to be trusted--the exposure of these back-channel dealings will almost certainly have a crippling effect on the new channel that has now been opened between the United States and [redacted]. The risk of exposure is growing daily, and I again believe that you must advise Admiral Spindexter that a group be formed that is knowledgeable of the Ghobanifar channel to consider how to cope with this burgeoning problem. If this is not done immediately, I predict an exposure of this activity in the near future. At a minimum, we need to find ways to stave off disclosure for 60-90 days while we work the channel tactically to get our hostages released. Furmark showed no indication that he was aware of the new channel, but we know Ghobanifar is aware.


Charles E. Allen

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Allen's testimony dates
this 86-10-24

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The Director of Central Intelligence

Washington, D.C. 20505

86-40681-03

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Assistant to the President for
National Security Affairs

SUBJECT: Roy Furmark's Comments on the Hostage Situation

1 0195

1. Charles Allen and George Cave went to New York on 22 October 1986 to meet with Roy Furmark. This was an extremely interesting meeting in that it revealed that the financial backers of Ghobanifar have been aware of the operation since its inception and may actually have played a key role in getting it moving, possibly for altruistic reasons, but almost certainly for their own profit. Roy himself admitted several times during the evening that profit was certainly a motive but that the group did see their efforts as leading towards stability in the region and the release of the hostages. Roy appeared to be very open during the course of the evening and everything he told us tracked with what we know. The only doubtful answer he gave was in reply to a question as to whether some of the principals were involved in the sting operation. Roy said that none of the principals were involved, however, one of the players, lawyer Samuel Evans, was the major indictee and is free on \$4.5 million bond. Roy claims that Evans owes him \$200,000.

2. Khashoggi has been involved in this from the beginning as Ghobanifar's financier. Everything started in January 1985 with a meeting in Europe, Frankfurt apparently, involving Ghobanifar, Khashoggi, Roy, and others. This was followed up by subsequent meetings in Paris and London. These meetings culminated in a meeting in August 1985 in Tel Aviv. Roy went to Tel Aviv with Ghobanifar and while there they stayed with Nimrodi in his house. During the course of these meetings, Roy met Amiran Nir. At this meeting it was decided that it was necessary to get Washington's approval for the overall plan. There were two basic objectives; one, get release of the hostages, and two open up a dialogue with Iran. Schimmer was sent to Washington to obtain this approval. Roy is uncertain as to whether he discussed this with North or MacFarlane in Washington. Ghobanifar also made a total of four trips to Washington. Ghobanifar represents the line held by the Prime Minister which Roy describes as "Moderate." (We did not tell him that the Prime Minister could not be considered as Moderate.) By way of personal relationships, Roy

TS 3536-86
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Earl #4
RHE 5/30/87

Partially Declassified/Released on 12-8-87

under provisions of E.O. 12958
By E. Rucker, National Security Council

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said that he has known Khashoggi since 1966 and trusted him. Roy added that Schimmer and Khashoggi are close. Roy thinks this points up Khashoggi's breadth of vision. Roy pointed out that Schimmer had actually returned from a visit to China to make the August meeting.

3. The first transaction was in September 1985 and was for 500 TOWs. The cost of the TOWs was \$5 million. Khashoggi put up the money because he believes in Ghobanifar. The cost to Iran was \$6 million. This allowed for \$1 million to cover profit and expenses. The first shipment of TOWs was defective, so a second shipment was sent. There was a subsequent \$5 million deal that went off in the November-December timeframe. Khashoggi told Roy that they were not involved, but Roy is certain that this was a Khashoggi/Ghobanifar organized deal. 0196

4. Roy said that prior to the next deal, there was a meeting in the Paris airport hotel; he forgets or never knew exactly who was involved in this meeting. The meeting concerned Hawk spare parts. The deal for the Hawk spare parts began to be put together in April 1986. Khashoggi raised \$15 million to cover the deal \$5 million from an Arab financier, and \$10 million from two Canadians. Khashoggi raised the money on 15 May. A group of Americans went to Tehran and took with them seven percent of the Hawk spare parts which consisted mainly of nuts and bolts. With regard to this deal, the financiers, Ghobanifar, and Nir met and agreed that \$3 million would be added to the price to cover profit and expenses and also another \$2 million would be added to cover monies owed to Nir. The price to the Iranians would then be \$20 million. (Why did Ghobanifar charge \$24.5 million and with Nir's knowledge?) Neither Roy nor the financiers apparently know anything about the raise in the price by Ghobanifar, although they are aware that the Iranians objected strenuously to the price. Ghobanifar told Roy and Khashoggi that he believed the bulk of the original \$15 million price tag was earmarked for Central America. In this regard, Ghobanifar told Roy that he was relieved when the \$100 million aid to the Contras was passed by Congress.

5. The above requires clarification. In Tehran, Ghobanifar took Cave aside and told him that the Iranians would be questioning him about the price of the Hawk spare parts. Ghobanifar told Cave to insist that the price of \$24 million old dollars is correct. When asked about the huge jack up in price, Nir gave a long circumlocution on why the price of over \$24 million was correct. We were so concerned about this that we considered telling Ghobanifar exactly how much he could charge on any subsequent deals. From Roy's comments, it is clear that the 20 percent interest Ghobanifar told us about is in fact the gross profit margin agreed upon.

6. Roy said that Ghobanifar told them that he received two payments, one for \$3 million and the other for \$5 million. As originally agreed upon, the Arab investor was supposed to get back \$6 million for his cut and the Canadians would get back \$11 million. The other \$1 million was to go to Khashoggi. Ghobanifar's cut was to come out of the \$1 million. To the \$8 million that Ghobanifar received, he added \$100,000 of his own funds. The Arab investor was paid off (\$5 million). The two Canadians received \$1.1 million. Roy was not sure but presumably the \$2 million went to Nir.

~~TOP SECRET~~

1 0197

Originally, the Canadians were given a check by Khashoggi in the amount of \$11 million to cover the \$10 million they provided Khashoggi. The monies to cover the Hawk shipment were paid into an account of a company called Lakeside which is an off-channel company. The Canadians believe that the money was stolen and this is giving Khashoggi heartburn. (Note: This does not square with what we know. We know that Ghobanifar received \$4 million from the Iranians in July. He also received \$8 million into his Swiss bank account on 21 August. These two payments were cash. He may also have received a check for \$6 million in between these two payments. The Iranians raised a big stink about the price of the Hawk spare parts and Ghobanifar offered them a \$6 million deduction. According to [REDACTED] the \$8 million payment on 21 August squared their accounts with Ghobanifar by mutual agreement. In fact, according to [REDACTED] \$7 million covered the remainder of the deal, the other million was to help Ghobanifar finance the next deal.)

7. Roy's suggested solution to the problem is to let Ghobanifar handle the shipment of the remainder of the Hawk spare parts. Proceeds from this deal would allow them to ease the Canadian pressure. Then it would be 500 TOWs for one hostage and another 500 TOWs for a second hostage.

Sincerely,

William J. Casey

UNCLASSIFIED
TOP SECRET//SENSITIVE//EYES ONLY

*as receipt by
(Chen Air...)*

7 November 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Meeting with Roy M. Furmark

1 0201

1. Roy M. Furmark, head of Adnan Khashoggi's New York operations, called on 5 November 1986 to request an urgent meeting with me in Washington. I met with Roy on the afternoon of 6 November at the Key Bridge Marriott Hotel. He provided further information on the fallout that is occurring with the shutdown of the Ghobanifar [redacted] channel. The following are highlights of the conversation with Roy:

a. The Canadian investors who put up \$11 million to finance the arms transactions with Iran have retained a Washington law firm to bring suit against Khashoggi and the offshore company Lakeside, the firm into which they paid the \$11 million to cover the cost of Hawk missile parts. The Canadians told Roy that they would bring suit against Khashoggi and Lakeside on Monday, 10 November, and that they intended to implicate in the litigation directly senior levels of the US Government. Roy claimed, however, that the Canadians had agreed—at his request—to withhold filing the suit until 17 November.

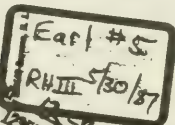
b. After the release of Jacobson, the Canadians began to press Ghobanifar and Khashoggi for repayment of the money owed. Ghobanifar told the Canadians that the latest transaction did not involve him in any way and that the United States was "dealing direct" with the Iranian Government.

c. The Canadians tend to believe Ghobanifar because they have had their lawyers block Ghobanifar's account in Credit Suisse. If funds had been transferred into Ghobanifar's account in repayment for arms shipped to Iran, Credit Suisse would have automatically transferred that money to the Canadians' account in the Bank of Montreal.

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TS 3538-86
Copy 1 of 6

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TOP SECRET//SENSITIVE//EYES ONLY

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d. The Canadians are extremely angry, they are pressing Khashoggi hard, and firmly believe that the Iranian Government has paid money to someone as a result of additional arms having been sent to Iran. They claim that Jacobsen's release could only have resulted from another arms transaction with Iran.

e. The Canadians involved are Douglas Fraser, a financier who operates out of the Cayman Islands, and Ed Miller, who operates out of Toronto and Vancouver. The third individual involved in the investment effort is a swami (Roy could not remember his name) who lives in Los Angeles, California. The swami knows a number of prominent Congressmen (Cranston was mentioned) and even advises the Sultan of Brunei. The swami has counseled Fraser and Miller to be patient, but the two Canadians are now determined to recover their money. 1 0202

f. The Canadians intend to expose fully the US Government's role in the backchannel arms transactions with Iran. They believe Lakeside to be a proprietary of the US Government; they know that former Major General Richard Seccord is heavily involved in managing the arms transactions to Iran for Oliver L. North, and that Seccord is also involved in assisting North in the support the Contras in Nicaragua.

g. When the Canadians originally put up the money after negotiations with Khashoggi and Ghobanifar, they believed the effort was formally sanctioned by the US Government. They are not concerned about the politics of the US-Iranian equation; they simply want repayment of \$10 million. Miller, a tough and sleazy individual, is especially determined to get his money back.

h. In addition to bringing suit against Lakeside and Khashoggi and exposing US Government involvement in the arms transactions, the Canadians intend to use the swami to lobby key Congressmen. The Canadians believe that they have been swindled and that the money paid by Iran for the arms may have been siphoned off to support the Contras in Nicaragua. The Canadians originally expected to be repaid in thirty days; it has now been six months and they have received only \$1.1 million.

i. While Ghobanifar managed the channel to Tehran, he coordinated his initiatives in a variety of ways with all significant factions in Iran. Clearly, whoever is running the new channel has failed to do this, a devastating mistake.

2. Roy stated that he would endeavor to identify the law firm that the Canadians have retained and would call me on 7 November. It was his understanding that the law firm in question at one time had handled a case involving President Nixon. The Canadians have told Khashoggi that they have already lost \$6 million as a result of their ill-fated investment. For his part, Khashoggi is demoralized and is unable to correct the situation, given his own financial difficulties. Ghobanifar, according to Roy, has spent large sums of his own personal fortune over the past 18 months on this effort. He described Ghobanifar as an excellent broker with extraordinarily high-level contacts in Western Europe, the Middle East, and Iran. Ghobanifar, however, is angry and bitter and his health is now impaired.

TOP SECRET/SENSITIVE/EYES ONLY

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OF SECRET / SENSITIVE EYES ONLY

3. Roy offered no specific suggestions on how to solve the financial problem but stated that somehow \$10 million should be paid into Ghobanifar's account at Credit Suisse (Account Number 283838-92-1). Because Ghobanifar's account at Credit Suisse is totally blocked, the money would simply be transferred to the Canadians. All the Canadians have are checks from Ghobanifar and Khashoggi—checks that are worthless. Roy reaffirmed that Ghobanifar and Khashoggi have been able to pay off the other investor—an Arab who put up \$5 million. Roy stated that he and Khashoggi may see the Canadians in Europe in the near future to request more time, but they were not sanguine that anything would result from such a meeting.

1 0203

4. The Canadians have told Roy that they had kept their word keeping these transactions totally secret, but now felt no compunction to do so in the future in view of media exposure of the MacFarlane trip. Roy stated that he personally felt responsible for persuading Khashoggi to help finance these transactions. The effort had taken considerable courage both on the part of both Ghobanifar and Khashoggi. In Roy's opinion if the transactions had proceeded as planned in July 1986, the hostage issue would have been resolved by now. The apparent switching to another channel by the United States in dealing with the Iranian Government, however, had destroyed this process. The current publicity about these transactions probably has foreclosed any near-term hope of obtaining Iran's support in securing the release of additional hostages. The damage that could occur from the legal efforts of the Canadians is potentially significant, especially because the Canadians are aware of all of the transactions that have occurred over the last 15 months.

6. I conclude from Roy's statements that:

a. Furmark is personally troubled by having persuaded Adnan to put up capital for a venture that has now gone sour.

b. His approach to the US Government appears to be a last-ditch effort to try to pressure the government to take some action, for example, ensuring another shipment of arms through Ghobanifar.

c. Some very nasty allegations against the US Government and key officials will be made if the Canadians bring civil suit, although much of what they know is speculation and cannot be proven.

d. The fallout from any litigation by the Canadians may not be too significant, especially since the press already have major pieces of the back channel effort with Iran.

e. When dealing with Iran, every faction—to some extent—must be taken into account. The fact that Ghobanifar-kept Ayatollah Montazeri fully informed on his initiatives with the United States suggest that radicals around Montazeri have decided to use the MacFarlane visit and contacts by Iranians with the United States as a way to attack Rafsanjani's moderate faction. Ghobanifar, bitter and angry, may have actually encouraged radical elements to expose those contacts, although the arrest of Mehdi Hashemi probably finally triggered the action by the radicals.

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f. Even though the situation is messy and is likely to become even messier, we should keep in some perspective the damage that can be caused by the Canadians. On balance, given the current exposure, the damage now might not be too great.

Charles E. Allen

I 0204

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UNCLASSIFIED

~~REVIEW EXPORTS~~
 ARMS EXPORTS
 SOURCE
UNCLASSIFIED

V 10965

N ~~1285~~ 5

4 ② The Export Administration Act of 1979,
 50 U.S.C. app. §§ 2401-2420 (1976 + ^{Supp III} 1977)
 → (Evolved out of THE EXPORT CONTROL ACT of
 1949) ch. 11, § 1, 63 STAT 7 (1949)
 See § 2405(j) and (l)

3 ③ Arms Export Control Act, 22 U.S.C. §§ 2751-279-
 (1976 + ^{Supp II} 1978)

o United States Munitions List
 22 CFR § 121.01 (1982)

"International Traffic in Arms Regulation
 ITAR

⑤
 E

*B B Burn by 2

12/5/86

RWK

L ⑫ 50 U.S.C. § 413 Congressional Oversight
 (Reports to Congressional ^{control these of current}
 → proposed activities

M ⑬ 22 U.S.C. § 422 Intelligence Activities
 (Presidential Findings)

A ① Omnibus Diplomatic Security and Antiterrorism
 Act of 1986, 22 U.S.C. 4801

(see § 509) (amends Arms Export
 Control Act 22 USC 2771-2779 by adding
 a new §) →

Earl #6

RH III 5/30/87

J ⑩ National Emergencies Act 50 U.S.C. 1601

K ⑪ Int'l & Eco Emergency Powers Act 50 USC

② 22-8-83 Order 12470 of March 30, 1984

Continuation of Export Control Regal

Classified/Released on
 under provisions of E.O. 12358
 by R. Roger, National Security Council

3438

UNCLASSIFIED

N 10966

- 7 ~~56~~ Rules and Regulations Dept of
G Commerce 15 CFR 385, 390, and 399
Foreign Policy Controls on Exports to
Iran of Aircraft, Helicopters and
Marine Outboard Engines
~~Determine~~
- ② ~~5~~ Department of State, Office of
H the Secretary, Determination Pursuant
to § 6(i) of Export Administration Act of
1979 - Iran 49 CFR 2836-02
1984
- ~~5~~ ⑥ Foreign Military Assistance and Sale
F 22 U.S.C.A. § 2301 - 2348
- ② ~~7~~ US Code Cong^{ressional} and Admin^{istrative} News
B Legislative History PL 99-399/22 U.S.C. § 98
(Combinus Dipl Sec and Antiterrorism
Act of 1986)

BBBURNBAG-3
12/5/86
RHK

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N 10967

TAB

- A 1. Omnibus Diplomatic Security and Anti-terrorism Act of 1986, 22 U.S.C. 4801 (amends Arms Export Control Act 22 U.S.C. 2771-2779 by adding a new §) see § 509.
- B 2. U.S. Code Congressional and Administrative News Legislative History PL 99-399/22 U.S.C. 4801 (Omnibus Diplomatic Security and Anti-terrorism Act of 1986).
- C 3. Arms Export Control Act, 22 U.S.C. §§ 2751-2794 (1976 and Supp. II of 1978).
- D 4. The Export Administration Act of 1979, 50 U.S.C. app. §§ 2401-2420 (1976 and Supp. III 1979) (Evolved out of the Export Control Act of 1949) See 2405(j) and (l).
- E 5. United States Munitions List 22 CFR § 121.01 (1982) "International Traffic in Arms Regulations" ITAR.
- F 6. Foreign Military Assistance and Sales 22 U.S.C.A. § 2301-2348. Date
- G 7. Rules and Regulations Department of Commerce 15 CFR 385, 390, and 399 Foreign Policy Controls on Exports to Iran of . Aircraft, Helicopters and Marine Outboard Engines.
- H 8. Department of State, Office of the Secretary; Determination of Pursuant to § 6(i) of the Export Administration Act of 1979 - Iran 49 CFR 2836-02, 1984.
- I 9. Executive Order 12470 of March 30, 1984 Continuation of Export Control Regulations.
- J 10. National Emergencies Act 50 U.S.C. 1601.
- K 11. International Emergency Economic Powers Act 50 U.S.C. 1601.
- L 12. 50 U.S.C. § 413 Congressional Oversight (Reports to Congressional Committees of Current and Proposed Activities). — 501
- M 13. 22 U.S.C. §2422 Intelligence Activities (Presidential Findings).

Boiland Amendment

12333 EO

1979 EO

Parent EO

Findings

12170

Nov. 14, 1979

specifically Ban Arms Exports + is it still in effect?

□ 1868 Hostage Law

UNCLASSIFIED

UNCLASSIFIED

From Jonathan R Scharfen
To Anne

N 10968

Subj Library Requests

- 108 Wash Post #27 Title: "4 indicted on arms-export charges" Author ToFania, Loreta Date Apr 11, 1983 Edition Thursday col = 1
- ^{OBERDORFER,} exports of U.S. Arms Pose Thorny Ques of Control, Wash Post, May 14, 1979 SA at 17, col 1
- Wash Post, Apr 9, 1978, SA, at 27 col 1
- " " , Apr 6 1978 SA, at 1, col 1
- Givertyman, Arms Sales Abroad Assailed in Report, N.Y. Times, Oct 11, 1977 at 9, col 1
- Wash Post, July 12, 1977, SA, at 11, col 1

Thanks

UNCLASSIFIED

BB even 376-5
12/5/86
JWK

UNCLASSIFIED

N 10969

STATUTE CHECK

☐ Sale of \$25 mill defense articles or services (Export)
 \$7 mill major def equip
 22 USC § 2776 (b)

* ☐ 14 mill maj def articles (Transfer)
 50 mill def article
 22 USC § 2753 (d) (1)

☐ IS THE Foreign Mil Assist. + Sales Act 22 USC §
 - 2348 STILL GOOD LAW?

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UNCLASSIFIED

(Document)
Page 108221 denied in
its entirety.

Earl #7

RH III 5/30/87

Partially Declassified/Reviewed on 12-8-87
under provisions of E.O. 12958
By S. Roger, National Security Council

3439

UNCLASSIFIED

N 8222 mass inspection

25 NOV 86

UNCLASSIFIED

N 8222

1. [REDACTED]
2. Small commission investigate NSC. (role & procedures)
3. JMP knew last yr (of shipments to Cent Am)
4. 3d country shipping - What did Pres know/when?

one w/o US knowledge Aug Sept 85.

one w/ " " Nov

- weapons returned to Israel

Pres knew of both.

Pres knew of 1 shipment afterwards
after the fact condoned by USG.

6. Boland Amendment violation
7. Administration sought funds from 3d countries.
8. OLN retiring from the Marine Corps?
9. Dub knew in Apr. 86 (after out of govt)
9. OLN on airplane to Tehran w/ McFarlane?
10. 3 or 4 shipments in 1986

E-83
12/17/86
yf

UNCLASSIFIED

Pres. News Conference
(since Aug)

UNCLASSIFIED

19 Nov 86

N 8223

- ① What are we doing, not what we say? - How affected your credibility, Nicaragua Finding? Credibility?
- ② Shultz resignation? - He's never suggested resignation?
Is his stay conditional to no further
- ③ W/ps for hostages?
Iran held as hostages Daniel ship = no.
Reagan said he endorsed Daniel
If as publicity, we would have had 2 more
- ④ How can you justify this duplicity?
- ⑤ Polk don't believe you? Disputes on rest
- ⑥ 1,000 tons - ancillary part of this deal?
How not break / law?
We do not condone arms shipments
in effect confirmed TOWs (shoulder-fired
spare parts for HAWKS
- ⑦ Israeli shipment - explain their role
No condoning of other countries shipping
- ⑧ Only 2 shipments
- ⑨ Reagan said Daniel endorsed shipment to Sep 85.
Why not cancel / Finding?
- ⑩ Why would Americans believe in selling arms
We met w/ Iranian individuals
- ⑪ Iran has permission not control over
- ⑫ Did a party leak it? Yes, a person in Iran (not one we were dealing w/)
- ⑬ Consider sending arms to N?
Break relations w/ Nicaragua
- ⑭ Will more hostages be released?
I have to believe that?
- ⑮ I don't believe a mistake was made?

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E-84
12/17/86
G

UNCLASSIFIED

N 1823

[redacted] is not mollified, but in the interests of not making

1135

1210 Conference call w/ Al Adams + John Adams,
discussed press guidance at family word - told
to hold until given thumbs up

1245 Copp call - his number [redacted]
machine inop - Lear on way ETA 2 hrs
please advise [redacted] (done by Dewey, flash msg).

1510 [redacted] call to [redacted] in [redacted] I confirmed to him NOT to
launch the charter flight tonight. His open line at home is
[redacted] & at work: [redacted] Open line code for
launching the A/C = "open the diplomatic pouch". It will
take them about 2 hours to get the A/C in the air.

1605 Kagan called. [redacted] is Katie -- needs the \$25K OLN
had promised him a month & a half ago

1645 WNSR advises that Teicher & Bill Burns had read the cable &
the PROF's -- no one else. The WNSR computer (VAXE), who
is "guaranteed" a secure, closed system that couldn't have
done what it did ... sent the cable on to the general
distribution system, where the usual keyword distribution
was made.

1703 [redacted] called. He & Dick are exhausted.

are unable to get in touch [redacted] even tho they have
both telephone numbers. Dewey will send msg [redacted]

3440

RH III 5/30/87

Declassified/Released on 12-8-87
By E. H. [redacted]

UNCLASSIFIED

PA 0006

N 18154

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 10/01/00 BY 11-22

TO: DIRECTOR, FBI
FROM: SAC, NEW YORK
SUBJECT: [REDACTED]

10/16/96 10:00:34

TO: DIRECTOR, FBI
FROM: SAC, NEW YORK
SUBJECT: [REDACTED]

[REDACTED]

10/21/96 11:36:00

10/21/96 10:41:00

3441

12-8-87

Under provisions of E.O. 12356

By B. Reger, National Security Council

UNCLASSIFIED



58/0

10/16/96

Page 00110

N 18124

NO WHITE HOUSE

8/24

1. President Bill Clinton

2. Vice President Al Gore

3. Speaker of the House of Representatives

4. President of the Senate

5. Chief Justice of the Supreme Court

6. Secretary of State

7. Attorney General

8. Director of Central Intelligence

9. Chairman of the Joint Chiefs of Staff

10. Vice Chairman of the Joint Chiefs of Staff

11. Secretary of Defense

12. Chairman of the House Committee on the Judiciary

13. Vice Chairman of the House Committee on the Judiciary

14. Chairman of the Senate Committee on the Judiciary

15. Vice Chairman of the Senate Committee on the Judiciary

16. Chairman of the House Committee on the Intelligence Committee

17. Vice Chairman of the House Committee on the Intelligence Committee

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53. Vice Chairman of the House Committee on the Intelligence Committee

54. Chairman of the Senate Committee on the Intelligence Committee

55. Vice Chairman of the Senate Committee on the Intelligence Committee

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Earl #10
RHC 5/30/87

Partially Declassified/Released on 12-8-87

under provisions of E.O. 12958

By B. Reag, National Security Council

61181 N

[illegible][illegible][illegible]

FROM: Robert L. Paul
TO: ADVANCE APPLICATION
RE: CONCUR w/ your package (ID 060590) for OLLIE.

05/17/66 16:29:15
 --CUB
 TO: MORGAN
 --CUB
 FROM: MORGAN
 --CUB
 05/17/66 16:29:15

[illegible]

CLASSIFIED

Partially Declassified/Released on 12-8-87
under authority of E.O. 12856
by B. Reager, National Security Council

by B. Reger, National Security Council

Earl #11
R VIII 5/30/87
3443

N 18120

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large atmosphere and one of the best looking buildings in the city.

[illegible]

LEADING ALLIANCE ASSISTANCE TO THE COMRADES

6110:00 70/01/00
R062-- 24250 : 06
0011-- 2100 0000

FROM: Robert L. West
 TO: Captain William A. Carls
 SUBJECT: Request for Assistance for the Coasties
 DATE: 04/16/86 09:01

REF: BOB 000500
 1. Division Military Assistance for the Contras
 2. Funding from the USPHS - CPB
 3. 08/15/86 IN: 56 000
 4. BSOB 000500

42180M 2nd Field Army

Civilian Military Assistance for the Coast

TOP SECRET

TOP SECRET

From NSRLE - - - - -
To NSOIN - - - - -

UNCLASSIFIED

NOTE FROM Robert L. Earl

SUBJECT: IG N

FYI, I got bounced from the 3 Nov meeting. Elliot told me principals only
(I think Vince got to Elliot just before the meeting as he--Vince--saw
me coming into the WHSR.... I heard them talking about whether they were
going to address "that sensitive issue" today)

N 8138

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3444

Declassified/Released on 12-8-87
under provisions of E.O. 12356
by P. Roger, National Security Council

E-60
12/11

Earl #12
RH 5/30/87

V 1807

UNCLASSIFIED

FRS
TO Col Earl

NATIONAL SECURITY COUNCIL

SIR:

Cub Paul Thompson told
me you had asked him
for a copy of this

VH

JPS

PAPERWORK
748-749N748
12/1/86
K2

Declassified/Referred on 12-8-87
under provisions of E.O. 12958
by P. Rogers, National Security Council



3445

UNCLASSIFIED

82-704

22 C.F.R. § 121 (1982)

N 1808

Department of State

ered to be equivalent for purposes of that section of the Arms Export Control Act and this subchapter

§ 120.20 Technical assistance agreement.

An agreement (e.g., contract) for the performance of defense services or the disclosure of technical data, as opposed to an agreement granting a right or license to manufacture defense articles.

§ 120.21 Technical data.

"Technical data" means, for purposes of this subchapter:

- (a) Classified information relating to defense articles and defense services;
- (b) Information covered by an invention secrecy order;
- (c) Information which is directly related to the design, engineering, development, production, processing, manufacture, use, operation, overhaul, repair, maintenance, modification, or reconstruction of defense articles. This includes, for example, information in the form of blueprints, drawings, photographs, plans, instructions, computer software and documentation. This also includes information which advances the state of the art of articles on the U.S. Munitions List. This does not include information concerning general scientific, mathematical or engineering principles.

§ 120.22 United States.

"United States", when used in the geographical sense, includes the several States, the Commonwealth of Puerto Rico, the insular possessions of the United States, the District of Columbia, and any territory over which the United States exercises any powers of administration, legislation, and jurisdiction.

§ 120.23 U.S. Person.

"U.S. Person" means a person (§ 120.16) who is a citizen or national of the United States, or a permanent resident of the United States under the Immigration and Nationality Act (8 U.S.C. 1101, section 101(a)(20, 60 Stat. 163).

FORMS

§ 120.24 Listing of forms referred to in this subchapter.

The forms referred to in this subchapter are available from the following government agencies:

- (a) Department of State
 - (1) Application/License for permanent export of unclassified defense articles and related technical data (Form DSP-5)
 - (2) Application for registration (Form DSP-9)
 - (3) Application/License for temporary import of unclassified defense articles (Form DSP-41)
 - (4) Application/License for temporary export of unclassified defense articles (Form DSP-73)
 - (5) Nontransfer and use certificate (Form DSP-83)
 - (6) Application/License for permanent/temporary export or temporary import of classified defense articles and related classified technical data (Form DSP-85)
 - (7) Authority to Export Defense Articles and Defense Services sold under the Foreign Military Sales program (Form DSP-94)
- (b) Department of Commerce
 - (1) International Import Certificate (Form ITA-645P/ATF-4522 DSP-53)
 - (2) Shipper's export declaration (Form No. 7525-V)
- (c) Department of Defense
 - Offer and acceptance (DD Form 1513).

(Dept. Reg. 108.840, 49 FR 47684, Dec. 6 1984; Dept. Reg. 108.841, 50 FR 12787 Apr 1, 1985)

PART 121—THE UNITED STATES MUNITIONS LIST

ENUMERATION OF ARTICLES

- Sec.
- 121.1 General. The United States Munitions List.
- 121.2 Interpretations of the United States Munitions List.
- 121.3 Aircraft and related articles.
- 121.4 Amphibious vehicles.
- 121.5 Apparatus and devices under Category IV(c).
- 121.6 Cartridge and shell casings.
- 121.7 Chemical agents.

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N 1809

§ 121.1

Sec.

- 121.8 End-items, components, accessories, attachments, parts, firmware, software and systems.
- 121.9 Firearms.
- 121.10 Forgings, castings and machined bodies.
- 121.11 Military demolition blocks and blasting caps.
- 121.12 Military explosives.
- 121.13 Military fuel thickeners.
- 121.14 Propellants.
- 121.15 Vessels of war and special naval equipment.

AUTHORITY: Sec. 38, Arms Export Control Act, 90 Stat. 744, 22 U.S.C. 2778; E.O. 11958, 42 FR 4311, 22 U.S.C. 2658.

SOURCE: Dept. Reg. 108.840, 49 FR 47688, Dec. 8, 1984, unless otherwise noted.

DEFINITION OF ARTICLES

§ 121.1 General. The United States Munitions List.

(a) The following articles, services and related technical data are designated as defense articles and defense services pursuant to sections 38 and 47(7) of the Arms Export Control Act (22 U.S.C. 2778 and 2794-7). Changes in designations will be published in the Federal Register. Information and clarifications on whether specific items are defense articles and services under this subchapter may appear periodically in the Munitions Control Newsletter published by the Office of Munitions Control.

(b) Significant Military Equipment. An asterisk precedes certain defense articles in the following list. The asterisk means that the article is deemed to be "significant military equipment" to the extent specified in § 120.19. The asterisk is placed as a convenience to help identify such articles.

CATEGORY I—FIREARMS

(a) Nonautomatic, semi-automatic and fully automatic firearms to caliber .50 inclusive, and all components and parts for such firearms. (See §§ 121.9 and 121.16-121.19.)

(b) Riflescopes manufactured to military specifications, and specifically designed or modified components therefor, firearm silencers and suppressors, including flash suppressors.

(c) Insurgency-counterinsurgency type firearms or other weapons having a special military application (e.g. close assault weapons systems) regardless of caliber and all components and parts therefor.

22 CFR Ch. I (4-1-86 Edition)

CATEGORY II—ARTILLERY PROJECTORS

(a) Guns over caliber 50, howitzers, mortars, and recoilless rifles.

(b) Military flamethrowers and projectors.

(c) Components, parts, accessories and attachments for the articles in paragraphs (a) and (b) of this category, including but not limited to mounts and carriages for these articles.

CATEGORY III—AMMUNITION

(a) Ammunition for the arms in Categories I and II of this section. (See § 121.8.)

(b) Components, parts, accessories, and attachments for articles in paragraph (a) of this category, including but not limited to cartridge cases, powder bags, bullets, jackets, cores, shells (excluding shotgun shells), projectiles, boosters, fuses and components therefor, primers, and other detonating devices for such ammunition. (See § 121.8.)

(c) Ammunition belt and linking machines.

(d) Ammunition manufacturing machines and ammunition loading machines (except handloading ones).

CATEGORY IV—LAUNCH VEHICLES, GUIDED MISSILES, BALLISTIC MISSILES, ROCKETS, TORPEDOS, BOATS AND MINES

(a) Rockets (including but not limited to meteorological and other sounding rockets), bombs, grenades, torpedoes, depth charges, land and naval mines, as well as launchers for such defense articles, and demolition blocks and blasting caps. (See § 121.11.)

(b) Launch vehicles and missile and anti-missile systems including but not limited to guided, tactical and strategic missiles, launchers and systems.

(c) Apparatus, devices, and materials for the handling, control, activation, monitoring, detection, protection, discharge, or detonation of the articles in paragraphs (a) and (b) of this category. (See § 121.5.)

(d) Missile and space vehicle powerplants.

(e) Military explosive excavating devices.

(f) Ablative materials fabricated or semi-fabricated from advanced composites (e.g., silica, graphite, carbon, carbon/carbon, and boron filaments) for the articles in this category that are derived directly from or specifically developed or modified for defense articles.

(g) Non/nuclear warheads for rockets and guided missiles.

(h) All specifically designed or modified components, parts, accessories, attachments, and associated equipment for the articles in this category.

CATEGORY V—EXPLOSIVES, PROPELLANTS, AND INCENDIARY AGENTS

(a) Military explosives. (See § 121.12.)

UNCLASSIFIED

UNCLASSIFIED

N 1810

Department of State

§ 121.1

(b) Military fuel thickeners. (See § 121.13.)
 (c) Propellants for the articles in Categories III and IV of this section. (See § 121.14.)
 (d) Military pyrotechnics, except pyrotechnic materials having dual military and commercial use.
 (e) All compounds specifically formulated for the articles in this category.

CATEGORY VI—VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

(a) Warships, amphibious warfare vessels, landing craft, mine warfare vessels, patrol vessels, auxiliary vessels and service craft, experimental types of naval ships and any vessels specifically designed or modified for military purposes. (See § 121.15.)
 (b) Turrets and gun mounts, arresting gear, special weapons systems, protective systems, submarine storage batteries, catapults and other components, parts, attachments, and accessories specifically designed or modified for combatant vessels.

(c) Mine sweeping equipment, components, parts, attachments and accessories specifically designed or modified therefor.

(d) Harbor entrance detection devices, magnetic, pressure, and acoustic ones) and controls and components therefor.

(e) Naval nuclear propulsion plants, their and prototypes, and special facilities for their construction support, and maintenance. This includes any machinery device, component, or equipment specifically developed, designed or modified for use in such plants or facilities. (See § 123.21.)

CATEGORY VII—TANKS AND MILITARY VEHICLES

(a) Military type armed or armored vehicles, military railway trains, and vehicles specifically designed or modified to accommodate mountings for arms or other specialized military equipment or fitted with such items.

(b) Military tanks, combat engineer vehicles, bridge launching vehicles, half-tracks and gun carriers.

(c) Self-propelled guns and howitzers.
 (d) Military trucks, trailers, hoists, and cranes specifically designed, modified, or equipped to mount or carry weapons of Categories I, II and IV or for carrying and handling the articles in paragraph (a) of Categories III and IV.

(e) Military recovery vehicles.

(f) Amphibious vehicles. (See § 121.4.)

(g) Engines specifically designed or modified for the vehicles in paragraphs (a), (b), (c), and (f) of this category.

(h) All specifically designed or modified components and parts, accessories, attachments, and associated equipment for the articles in this category, including but not limited to military bridging and deep water fording kits.

CATEGORY VIII—AIRCRAFT, SPACECRAFT, AND ASSOCIATED EQUIPMENT

(a) Aircraft, including but not limited to balloons, non-expansive balloons, drones, and lighter-than-air aircraft, which are specifically designed, modified, or equipped for military purposes. This includes but is not limited to the following military purposes: gunnery, bombing, rocket or missile launch, electronic and other surveillance, reconnaissance, refueling, aerial mapping, military liaison, cargo carrying or dropping, personnel dropping, airborne warning and control, and military training. (See § 121.3.)

(b)(1) Spacecraft, including manned and unmanned, active and passive satellites (except those listed in Category VIII(b)(2)).

(2) Non-military communication satellites (excluding ground stations and associated equipment not enumerated elsewhere in § 121.1).

(c) Military aircraft engines, except reciprocating engines, and spacecraft engines specifically designed or modified for the aircraft and spacecraft in paragraphs (a) and (b) of this category.

(d) Cartridge-actuated devices utilized in emergency escape of personnel and airborne equipment (including but not limited to airborne refueling equipment specifically designed or modified for use with the aircraft, spacecraft, and engines of the types in paragraphs (a), (b), and (c) of this category).

(e) Launching and recovery equipment for the articles in paragraphs (a) and (b) of this category, if the equipment is specifically designed or modified for military use or for use with spacecraft. Fixed land-based arresting gear is not included in this category.

(f) Power supplies and energy sources specifically designed or modified for spacecraft.

(g) Components, parts, accessories, attachments and associated equipment (including ground support equipment) specifically designed or modified for the articles in paragraphs (a) through (f) of this category, excluding aircraft, and propellers used with reciprocating engines.

(h) Developmental aircraft components which have a significant military application, excluding aircraft components concerning which Federal Aviation Agency certification has been granted.

(i) Ground effect machines (GEMs) specifically designed or modified for military use, including but not limited to surface effect machines and other air cushion vehicles, and all components, parts, and accessories, attachments, and associated equipment specifically designed or modified for use with such machines.

(j) Inertial navigation systems and components designed specifically for such systems.

N 1811

§ 121.1

22 CFR Ch. I (4-1-86 Edition)

tems. Systems or components which are standard equipment in civil aircraft, including spare parts and spare units to be used exclusively for the maintenance of inertial navigation equipment incorporated in civil aircraft, and which are certified by the Federal Aviation Administration as an integral part of such aircraft, are subject to export regulation by the Office of Munitions Control only if the export is intended for a controlled country described in section 820(f) of the Foreign Assets Control Act of 1950, as amended (22 U.S.C. 2370(f)) (except Yugoslavia). The Export Administration Act of 1979, as amended (50 U.S.C. App. section 241(c)(2)) deals with the export of such items to non-controlled countries. All exports of technical data (regardless of destination) relating to the design, development, production or manufacture of inertial navigation equipment (regardless of accuracy) or its related parts, components, or subsystems are subject to the requirements of the regulations contained in this subchapter. The export of technical data relating to the repair of parts, components, or subsystems of inertial navigation systems (including accelerometers and gyroscopes) which are not certified by the FAA as being an integral part of civil aircraft are subject to the requirements of this subchapter. The provisions of XI(c) and XII(c) are not applicable to such exports of technical data.

CATEGORY IX—MILITARY TRAINING EQUIPMENT

- (a) Military training equipment including but not limited to attack trainers, radar target trainers, radar target generators, gunnery training devices, antisubmarine warfare trainers, target equipment, armament training units, operational flight trainers, air combat training systems, radar trainers, navigation trainers, and simulation devices related to defense articles.
- (b) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use in paragraph (a) of this category.

CATEGORY X—PROTECTIVE PERSONNEL EQUIPMENT

- (a) Body armor specifically designed, modified or equipped for military use, articles, including but not limited to clothing, designed, modified or equipped to protect against or reduce detection by radar, infrared (IR) or other sensors, military helmets equipped with communications hardware, optical night, viewing devices or mechanisms to protect against thermal flash or lasers, excluding standard military helmets.
- (b) Partial pressure suits and liquid oxygen converters used in aircraft in Category VIII(a).

- (c) Protective apparel and equipment specifically designed or modified for use with the articles in paragraphs (a) through (d) in Category XIV.

- (d) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use with the articles in paragraphs (a), (b), and (c) of this category.

CATEGORY XI—MILITARY AND SPACE ELECTRONICS

- (a) Electronic equipment not included in Category XII of the Munitions List which is assigned a military designation or is specifically designed, modified or configured for military application. This includes but is not limited to the following:

- (1) Underwater sound equipment, including but not limited to towed arrays, electronic beam forming sonar, target classification equipment, and spectrographic displays, search, acquisition, tracking, moving target indication and imaging radar systems, active and passive countermeasures and counter-countermeasures equipment, electronic fuses, identification systems, command, control and communications systems, and, regardless of designation, any experimental or developmental electronic equipment specifically designed or modified for military application, or for use with a military system and

- (2) Sonic depth finders, underwater telephones, electro-mechanical beam forming sonars and elementary monoboyce radars (including transceivers), weather, navigation, and air traffic control radar systems, navigation, guidance, object-tracking equipment, displays, and telemetering equipment.
- (3) Armored coaxial cable capable of RF, optical, or high voltage power transmission.

- (b) Space electronics.

- (1) Electronic equipment specifically designed or modified for spacecraft and space-flight, and

- (2) Electronic equipment specifically designed or modified for use with non-military communications satellites.

- (c) Electronic systems or equipment specifically designed, modified, configured, used or intended for use in search, reconnaissance collection, monitoring, direction-finding, display, analysis and production of information from the electromagnetic spectrum for intelligence or security purposes and electronic systems or equipment designed or modified to counteract such surveillance and monitoring.

- (d) Very High Speed Integrated Circuit (VHSIC) semiconductor devices that are specifically designed for military applications and which have a high-speed signal and image processing capability with an operational parameter (gate-time-clock-frequency).

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and equipment specifically designed or modified for use with (a) (1) through (d) in

ria, accessories, attachment equipment specifically designed or modified for use with the (a), (b), and (c) of this

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present not included in Munitions List which is designation or a specification or configured for This includes but is not

ing equipment, including to lowest arrays, electronic, target classification spectrographic detection, tracking, moving and imaging radar systems, countermeasures, measurement equipment, navigation systems, communications systems, designation, any experimental electronic equipment or modified for use with a multi-

are underwater tele-mechanical beam forming, binary sonobuoy, radios, very, weather, carriage control radar systems, e. object locating equipment, cable capable of RF, age power transmission, ties

equipment specifically designed or modified for use with non-military satellites.

systems or equipment specifically designed or modified for use in search, recon, monitoring, direction, analysis and production of the electromagnetic spectrum or security purposes, systems or equipment designed to counteract such surveillance.

Speed Integrated Circuit, inductor devices that are used for military applications have a high-speed signal, ranging capability with an meter (gate-time-clock-frequency)

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quantity) or greater than 10" gauge X harts for an individual semiconductor device. (e) Component parts, accessories, attachments, and associated equipment specifically designed or modified for use or currently used with the equipment in paragraphs (a) through (c) of this category, except for such items as are in normal commercial use.

CATEGORY XII—FIRE CONTROL, RANGE FINDERS, OPTICAL AND GUIDANCE AND CONTROL EQUIPMENT

(a) Fire control systems, gun and missile tracking and guidance systems, military infrared, image intensifier and other night sighting and night viewing equipment, military lasers and military lasers, gun laying equipment, range position and height finding equipment, electronic, gyroscopic, optic, and acoustic; bomb sights, bombing computers, military television sighting and viewing units, inertial platforms, and periscopes for the articles of this section.

(b) Inertial and other weapons or space vehicle guidance and control systems, spacecraft guidance, control and stabilization systems, astro compasses, and star trackers.

(c) Component parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs (a) and (b) of this category, except for such items as are in normal commercial use.

CATEGORY XIII—AUXILIARY MILITARY EQUIPMENT

(a) Aerial camera, space camera, special purpose military camera, and specialized processing equipment therefor; military photointerpretation, stereoscopic plotting, and photogrammetry equipment, and components specifically designed or modified therefor.

(b) Speech scramblers, privacy devices, cryptographic devices and software (encoding and decoding), and components specifically designed or modified therefor. Auxiliary equipment, and protective apparatus specifically designed or modified for such devices, components, and equipment.

(c) Self-contained diving and underwater breathing apparatus specifically designed or modified for a military purpose and components specifically designed or modified therefor.

(d) Armor plate and structural materials (including but not limited to plate, rolled and extruded shapes, bars and forgings, castings, welding consumables, carbon/carbon and metal matrix composites) specifically designed or modified for defense articles.

(e) Concealment and deception equipment, including but not limited to special paints, decoys, and simulators and components

parts, accessories specifically designed or modified therefor.

(f) Energy conversion devices for producing electrical energy from nuclear thermal or solar energy, or from chemical reaction which are specifically designed or modified for military application.

(g) Chemiluminescent compounds and solid state devices specifically designed or modified for military application.

(h) Devices embodying particle beam and electromagnetic pulse technology.

(i) Metal embrittling agents.

CATEGORY XIV—TOXICOLOGICAL AGENTS AND EQUIPMENT AND RADIOLOGICAL EQUIPMENT

(a) Chemical agents, including but not limited to lung irritants, vesicants, lachrymators, tear gases (except tear gas formulations containing 1% or less of CS), irritants, and irritant smoke, and nerve gases and incapacitating agents. (See § 121.7.)

(b) Biological agents.

(c) Equipment for dissemination, detection, and identification of, and defense against, the articles in paragraphs (a) and (b) of this category.

(d) Nuclear radiation detection and measuring devices, manufactured to military specification.

(e) Component parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs (c) and (d) of this category.

CATEGORY XV—(RESERVED)

CATEGORY XVI—NUCLEAR WEAPONS DESIGN AND TEST EQUIPMENT

(a) Any article, material, equipment, or device which is specifically designed or modified for use in the design, development, or fabrication of nuclear weapons or nuclear explosive devices. (See § 121.21 and Department of Commerce Export Regulations, 15 CFR Part 378.)

(b) Any article, material, equipment, or device which is specifically designed or modified for use in the devising, carrying out, or evaluating of nuclear weapons tests or any other nuclear explosions, except such items as are in normal commercial use for other purposes.

CATEGORY XVII—CLASSIFIED ARTICLES NOT OTHERWISE ENUMERATED

*All articles and technical data (as defined in § 120.21) relating thereto which are classified in the interests of national security and which are not otherwise enumerated in the U.S. Munitions List.

UNCLASSIFIED

§ 121.2

22 CFR Ch. I (4-1-86 Edition)

CATEGORY XVIII—TECHNICAL DATA

Technical data (as defined in § 120.21) relating to the defense articles listed in the other categories of the United States Munitions List. (See § 125.4 for exemptions. see also § 123.21.)

CATEGORY XIX—DEFENSE SERVICES

Defense services (as defined in § 130.8) relating to the defense articles listed in the other categories of the United States Munitions List.

CATEGORY XX—SUBMERISBLE VESSELS, OCEANOGRAPHIC AND ASSOCIATED EQUIPMENT

(a) Submersible vessels, manned or unmanned, designed or modified for military purposes or having independent capability to maneuver vertically or horizontally at depths below 1,000 feet or powered by nuclear propulsion plants.

(b) Submersible vessels, manned or unmanned, designed or modified in whole or in part from technology developed by or for the U.S. Armed Forces.

(c) Any of the articles in Categories VI, IX, XI, XIII, and elsewhere in this subchapter specifically designed or modified for use with submersible vessels, and oceanographic or associated equipment assigned a military designation.

(d) Equipment, components, parts, accessories and attachments specifically designed or modified for any of the articles in paragraphs (a) and (b) of this category.

CATEGORY XXI—MISCELLANEOUS ARTICLES

Any article not specifically enumerated in the other categories of the U.S. Munitions List which has substantial military applicability and which has been specifically designed or modified for military purposes. The decision on whether any article may be included in this category shall be made by the Director of the Office of Munitions Control.

(Dept. Reg. 108.840, 49 FR 47688, Dec. 8, 1984; 49 FR 48534, Dec. 13, 1984; Dept. Reg. 108.841, 50 FR 12787, Apr. 1, 1985)

§ 121.3 Interpretations of the United States Munitions List.

The following interpretations (listed alphabetically) explain and amplify the terms used in § 121.1. These interpretations have the same force as if they were a part of the United States Munitions List category to which they refer.

§ 121.3 Aircraft and related articles.

In Category VIII, "aircraft" means aircraft designed, modified, or

equipped for a military purpose, including aircraft described as "demilitarized." All aircraft bearing an original military designation are included in Category VIII. However, the following aircraft are not included so long as they have not been specifically equipped, re-equipped, or modified for military operations:

(a) Cargo aircraft bearing "C" designations and numbered C-45 through C-118 inclusive, C-121 through C-125 inclusive, and C-131, using reciprocating engines only.

(b) Trainer aircraft bearing "T" designations and using reciprocating engines or turboprop engines with less than 600 horsepower (a.h.p.).

(c) Utility aircraft bearing "U" designations and using reciprocating engines only.

(d) All liaison aircraft bearing an "L" designation.

(e) All observation aircraft bearing "O" designations and using reciprocating engines.

§ 121.4 Amphibious vehicles.

An "amphibious vehicle" in Category VIII(f) is an automotive vehicle or chassis which embodies all-wheel drive, is equipped to meet special military requirements, and which has sealed electrical systems or adaptation features for deep water fording.

§ 121.5 Apparatus and devices under Category IV(c).

Category IV includes but is not limited to the following: Fuzes and components for the items listed in that category; bomb racks and shackles, bomb shackle release units, bomb ejectors, torpedo tubes, torpedo and guided missile boosters, guidance system equipment and parts, launching racks and projectors, pistols (explosives), igniters, fuze arming devices, intervalometers, guided missile launchers and specialized handling equipment, and hardened missile launching facilities.

§ 121.6 Cartridge and shell casings.

Cartridge and shell casings are included in Category III unless, prior to export, they have been rendered useless beyond the possibility of restora-

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tion for use as a cartridge or shell
casing by means of heating, flame
treatment, mangling, crushing, cut-
ting, or popping.

§ 121.7 Chemical agents.

A chemical agent in Category
XIV(a) is a substance having military
application which by its ordinary and
direct chemical action produces a pow-
erful physiological effect. The term
"chemical agent" includes, but is not
limited to, the following chemical com-
pounds:

- (a) Lung irritants:
 - (1) Diphenylchloroarsine (DC).
 - (2) Fluorine (but not fluorene).
 - (3) Trichloronitro methane (chloro-
picrin PG).
 - (b) Vesicants:
 - (1) B-Chlorovinylchloroarsine
(Leviatle, L).
 - (2) Bis(dichloroethyl)sulphide (Mus-
tard Gas, ED or H).
 - (3) Ethylidichloroarsine (ED).
 - (4) Methylidichloroarsine (MD).
 - (c) Lachrymators and tear gases:
 - (1) A-Bromobenzyl cyanide (BBC).
 - (2) Chloroacetophenone (CN).
 - (3) Dibromodimethyl ether.
 - (4) Dichlorodimethyl ether (CICl).
 - (5) Ethylidibromoarsine.
 - (6) Phenylcarbylamine chloride.
 - (7) Tear gas solutions (CNS and
CNS).
 - (8) Tear gas orthochlorobenzalma-
lononitrile (CS).
 - (d) Sternutators and irritant smokes:
 - (1) Diphenylamine chloroarsine (Ad-
amsite, DM).
 - (2) Diphenylchloroarsine (BA).
 - (3) Liquid pepper.
 - (e) Nerve agents, gases and aerosols.
These are toxic compounds which
affect the nervous system, such as:
 - (1) Dimethylaminoethoxyphos-
phine oxide (GA).
 - (2) Methylpropoxyfluorophos-
phine oxide (GB).
 - (3) Methylpivaloxyfluorophos-
phine oxide (GD).
 - (f) Antiplant chemicals, such as:
Butyl 2-chloro-4-fluorophenoxyacetate
(LNP).

UNCLASSIFIED

1814

§ 121.8

§ 121.8 End-item, component, access-
ories, attachments, parts, firmware, soft-
ware and systems.

(a) An "end-item" is an assembled
article ready for its intended use. Only
ammunition, fuel or another energy
source is required to place it in an op-
erating state.

(b) A "component" is an item which
is useful only when used in conjunc-
tion with an end-item. A major compo-
nent includes any assembled element
which forms a portion of an end-item
without which the end-item is inoper-
able. (Example: airframes, tail sec-
tions, transmissions, tank treads, hulls,
etc.) A minor component includes any
assembled element of a major compo-
nent.

(c) "Accessories" and "attachments"
are associated equipment for any com-
ponent, end-item or system, and which
are not necessary for their operation,
but which enhance their usefulness or
effectiveness. (Examples: riflescopes,
special paints, etc.)

(d) A "part" is any single unassem-
bled element of a major or a minor
component, accessory, or attachment
which is not normally subject to disas-
sembly without the destruction or the
impairment of design use. (Examples:
rivets, wire, bolts, etc.)

(e) Firmware and any related unique
support tools (such as computers, link-
ers, editors, test case generators, diag-
nostic checkers, library of functions
and system test diagnostics) specific-
ally designed for equipment or systems
covered under any category of the
United States Munitions List are con-
sidered as part of the end-item or com-
ponent. "Firmware" includes but is
not limited to circuits into which soft-
ware has been programmed.

(f) "Software" includes but is not
limited to the system functional
design, logic flow, algorithms, applica-
tion programs, operating systems and
support software for design, imple-
mentation, test, operation, diagnosis
and repair. A person who intends to
export software only should, unless it
is specifically enumerated in § 121.1,
apply for a technical data license pur-
suant to Part 125 of this subchapter.

(g) A "system" is a combination of
end-items, components, parts, access-

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Ch. I (4-1-66 Edition)

§ 121.9

ries, attachments, firmware or software, specifically designed, modified or adapted to operate together to perform a specialized military function.

§ 121.9 Firearms.

(a) Category I includes revolvers, pistols, rifles, carbines, fully automatic rifles, submachine guns, machine pistols and machine guns to caliber .50, inclusive. It includes combat shotguns. It excludes other shotguns with barrels 18" or longer, BB, pellet, and muzzle loading (black powder) firearms.

(b) A "firearm" is a weapon not over .50 caliber which is designed to expel a projectile by the action of an explosive or which may be readily converted to do so.

(c) A "rifle" is a shoulder firearm which can discharge a bullet through a rifled barrel 18 inches or longer.

(d) A "carbine" is a lightweight shoulder firearm with a barrel under 18 inches in length.

(e) A "pistol" is a hand-operated firearm having a chamber integral with or permanently aligned with the bore.

(f) A "revolver" is a hand-operated firearm with a revolving cylinder containing chambers for individual cartridges.

(g) A "submachine gun," "machine pistol" or "machine gun" is a firearm originally designed to fire, or capable of being fired, fully automatically by a single pull of the trigger.

§ 121.10 Forgings, castings and machined bodies.

Articles on the United States Munitions List include articles in a partially completed state (such as forgings, castings, extrusions and machined bodies) which have reached a stage in manufacture where they are clearly identifiable as defense articles. If the end-item is an article on the United States Munitions List (including components, accessories, attachments and parts as defined in § 121.8), then the particular forging, casting, extrusion, machined body, etc., is considered a defense article subject to the controls of this subchapter, except for such items as are in normal commercial use.

§ 121.11 Military demolition blocks and blasting caps.

Military demolition blocks and blasting caps referred to in Category IV(a) do not include the following articles:

- (a) Electric squibs.
- (b) No. 8 and No. 8 blasting caps, including electric ones.
- (c) Delay electric blasting caps (including No. 8 and No. 8 millisecond ones).
- (d) Seismograph electric blasting caps (including SSG, Static-Master, Vibromag SR, and SEISM-O SR).
- (e) Oil well perforating devices.

§ 121.12 Military explosives.

Military explosives in Category V include, but are not limited to, the following:

- (a) Ammonium picrate.
- (b) Black powder made with potassium nitrate or sodium nitrate.
- (c) Cyclootetramethylenetetranitramine (HMX).
- (d) Cyclotrimethylenetrinitramine (RDX, Cyclonite, Hexogen or T4).
- (e) Dinitronaphthalene.
- (f) Ethylenedinitramine.
- (g) Hexanitrodiphenylamine.
- (h) Nitroglycerin.
- (i) Nitrostarch.
- (j) Pentaerythritol tetranitrate (penthrate, pentrite or PETN).
- (k) Tetranitronaphthalene.
- (l) Trinitronitrophenylamine.
- (m) Trinitronaphthalene.
- (n) Trinitrophenol (picric acid).
- (o) Trinitrophenylmethylnitramine (Tetryl).
- (p) Trinitrotoluene (TNT).
- (q) Trinitroxylene.
- (r) Ammonium perchlorate nitrocellulose (military grade).
- (s) Aluminum powder (spherical) with an average particle size of 100 micrometer diameter or less and a purity of 97% or greater.
- (t) Any combinations of the above.

§ 121.13 Military fuel thickeners.

Military fuel thickeners in Category V include compounds (e.g., octal) or mixtures of such compounds (e.g., napalm) specifically formulated for the purpose of producing materials which, when added to petroleum products, provide a gel-type incendiary ma-

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§ 121.14 Pro-

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gel-type incendiary ma-

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terial for use in bombs, projectiles,
flame throwers, or other defense arti-
cles.

§ 121.14 Propellants.

Propellants in Category V include,
but are not limited to, the following:(a) Propellant powders, including
smokeless shotgun powder.(b) Hydrazine (including Mono-
methyl hydrazine and symmetrical di-
methyl hydrazine, but excluding hy-
drazine hydrate).(c) Unsymmetrical dimethyl hydra-
zine.(d) Hydrogen peroxide of over 85
percent concentration.

(e) Nitroguanidine or picrite.

(f) Nitrocellulose with nitrogen con-
tent of over 12.20 percent.(g) Nitrogen tetroxide (nitrogen di-
oxide, dinitrogen tetroxide).(h) Other solid propellant composi-
tions, including but not limited to, the
following:

(1) Single base (nitrocellulose).

(2) Double base (nitrocellulose, ni-
troglycerin).(3) Triple base (nitrocellulose, nitro-
glycerin, nitroguanidine).(4) Composite of nitroglycerin, am-
monium perchlorate, potassium per-
chlorate, nitronium perchlorate, gua-
nidine (guanidinium) perchlorate, ni-
trogen tetroxide, ammonium nitrate or
nitrocellulose with plastic, metal
fuels, or rubbers added; and com-
pounds composed only of fluorine and
halogens, oxygen, or nitrogen.(5) Special purpose high energy solid
military fuels with a chemical base.(1) Other liquid propellant composi-
tions, including but not limited to, the
following:(1) Monopropellants (hydrazine, hy-
drazine nitrate, and water).(2) Bipropellants (hydrazine, fuming
nitric acid HNO₃).(3) Special purpose chemical base
high energy liquid military fuels and
oxidizers.§ 121.15 Vessels of war and special naval
equipment.Vessels of war in Category VI in-
clude, but are not limited to, the fol-
lowing:

(a) Combatant vessels:

(1) Warships (including nuclear-pow-
ered versions):

(1) Aircraft carriers (CV, CVN)

(1) Battleships (BB)

(1) Cruisers (CA, CG, CGN)

(1) Destroyers (DD, DDO)

(1) Frigates (FF, FFG)

(1) Submarines (SS, SSN, SSBN,
SSG, SSAG)

(2) Other Combatant Classifications:

(1) Patrol Combatants (PG, PHM)

(1) Amphibious Helicopter Landing
Craft Carriers (LHA, LPD, LPH)(1) Amphibious Landing Craft Car-
riers (LKA, LPA, LSD, LST)(1) Amphibious Command Ships
(LCC)

(1) Mine Warfare Ships (MSO)

(1) Auxiliaries:

(1) Mobile Logistics Support:

(1) Under way Replenishment (AD,
AF, AFB, AO, AOE, AOR)

(1) Material Support (AD, AR, AS)

(2) Support Ships:

(1) Fleet Support Ships (ARS, ASR,
ATA, ATF, ATS)(1) Other Auxiliaries (AG, AGDS,
AGF, AGM, AGOR, AGOS, AGS, AH,
AK, AKR, AOG, AOT, AP, APB, ARC,
ARL, AVM, AVT)

(c) Combatant Craft:

(1) Patrol Craft:

(1) Coastal Patrol Combatants (PB,
PCP, PCH, PTF)(1) River, Roadstead Craft (ATC,
PBR)

(2) Amphibious Warfare Craft:

(1) Landing Craft (AALC, LCAC,
LCM, LCPL, LCPR, LCU, LWT,
SLWT)(1) Special Warfare Craft (LSSC,
MSAC, SDV, SWCL, SWCM)

(3) Mine Warfare Craft:

(1) Mine Countermeasures Craft
(MSB, MSD, MSI, MSM, MSR)

(d) Support and Service Craft:

(1) Tugs (YT, YTL, YTM)

(2) Tankers (YO, YOG, YW)

(3) Lighters (YC, YCF, YCV, YF,
YFN, YFNB, YFNB, YFNB, YFNB,
YFU, YG, YGN, YOGN, YON, YOS,
YSR, YWN)(4) Floating Dry Docks (AFDB,
AFDL, AFDM, ARD, ARDM, YFD)(5) Miscellaneous (APL, DSRV, DSV,
IX, NR, YAG, YD, YDT, YPB, YPND,
YEP, YFRT, YHLC, YM, YNG, YF,
YFD, YR, YRB, YRSN, YRDB,
YRDM, YTR, YRST, YSD)

§ 122.1

(e) Coast Guard Patrol and Service Vessels and Craft:

- (1) Coast Guard Cutters (CGC, WMEC, WMEC)
- (2) Patrol Craft (WPB)
- (3) Icebreakers (WAGB)
- (4) Oceanography Vessels (WAGO)
- (5) Special Vessels (WIX)
- (6) Buoy Tenders (WLB, WLM, WLI, WLR, WLC)
- (7) Tugs (WYT, WYTL)
- (8) Light Ships (WLV)

[Dept. Reg. 108.840, 49 FR 17884, Dec. 6, 1984; 49 FR 48336, Dec. 13, 1984]

PART 122—REGISTRATION OF MANUFACTURERS AND EXPORTERS

Sec.

- 122.1 Registration requirements.
- 122.2 Application for registration.
- 122.3 Refund of fee.
- 122.4 Notification of changes in information furnished by registrant.
- 122.5 Maintenance of records by registrant.
- 122.6 Submission of application.

AUTHORITY: Sec. 38, Arms Export Control Act, 90 Stat. 744 (22 U.S.C. 2778); E.O. 11958 42 FR 4311, 22 U.S.C. 2858.

Source: Dept. Reg. 108.840, 49 FR 47890, Dec. 6 1984, unless otherwise noted.

§ 122.1 Registration requirements.

(a) *General.* Any person who engages in the United States in the business of either manufacturing or exporting defense articles or furnishing defense services is required to register with the Office of Munitions Control. Manufacturers who do not engage in exporting must nevertheless register.

(b) *Exemptions.* Registration is not required for:

- (1) Officers and employees of the United States Government acting in an official capacity.
- (2) Persons whose pertinent business activity is confined to the production of unclassified technical data only.
- (3) Persons all of whose manufacturing and export activities are licensed under the Atomic Energy Act of 1954, as amended.

(4) Persons who engage only in the fabrication of articles for experimental or scientific purposes, including research and development.

22 CFR Ch. I (4-1-84 Edition)

§ 122.2 Application for registration.

(a) *Fees.* A person who is required to register may do so for periods of from 1 to 3 years upon submission of a completed Form DSP-9, and payment of a fee as follows:

1 year	\$250
2 years	500
3 years	750
4 years	1,000
5 years	1,000

(b) *Lapses in registration.* A registrant who fails to renew a registration after its lapse and, after an intervening period, seeks to register again must pay registration fees for any part of such intervening period during which the registrant engaged in the business of manufacturing or exporting defense articles or defense services.

§ 122.3 Refund of fee.

Fees paid in advance for future years of a multiple year registration will be refunded upon request if the registrant ceases to engage in the manufacture or export of defense articles and defense services. A request for a refund must be submitted to the Office of Munitions Control prior to the beginning of any year for which a refund is claimed.

§ 122.4 Notification of changes in information furnished by registrant.

A registered person must notify the Department of State of material changes in the information contained in the registration. Examples of material changes include the establishment or acquisition of a subsidiary or of a foreign affiliate, a merger, a change of location, or dealing with an additional category of defense articles or defense services. Registrants must also inform the Office of Munitions Control thirty days in advance of any planned transfer of ownership or control of the registered corporation or entity to a foreign person. Such notice does not relieve the registrant from obtaining the approvals required under this subchapter for the export of defense articles and defense services to foreign persons.

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